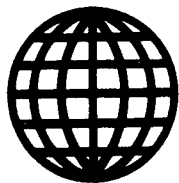


106077

JPRS-UWE-88-003
22 FEBRUARY 1988



**FOREIGN
BROADCAST
INFORMATION
SERVICE**

JPRS Report

Soviet Union

WORLD ECONOMY & INTERNATIONAL RELATIONS

No 11, November 1987

19980804 002

DISTRIBUTION STATEMENT A

Approved for public release;
Distribution Unlimited

REPRODUCED BY
U.S. DEPARTMENT OF COMMERCE
NATIONAL TECHNICAL
INFORMATION SERVICE
SPRINGFIELD, VA 22161

10
57
A04

Soviet Union

World Economy & International Relations

No 11, November 1987

JPRS-UWE-88-003

CONTENTS

22 FEBRUARY 1988

Revolution Not Immediate Prospect in Capitalist Countries [I. Guryev]	1
Predictability Prerequisite for Mutual Trust [V. Petrovskiy]	9
Foreign Trade Ties Important to CEMA [Yu. Shiryayev]	16
Socialist Orientation's Basic Superiority Not Yet Displayed [R. Avakov]	23
New Approaches in Soviet Foreign Economic Relations Required [V. Presnyakov, E. Iordanskaya]	32
Reports to Meeting on Economic Crises of Capitalism [R. Entov, L. Nochevkina]	34
More Speeches from Conference on Crises of Capitalism [G. Farakos, B. Marx]	41
West Europe-USSR Trade Problems [A. Pokrovskiy, V. Savin]	46
FRG Book on Social Impact of Bundeswehr Rearmament [V. Varnavskiy]	48
Book on Allende's Overthrow	50
Book on FRG Workers' Movement	51
Book on S&T Revolution Under Capitalism	51
New Books	52
Articles in MEMO Not Translated	53
Publication Data	53
APN Review of MEMO No 11, 1987	53

WORLD ECONOMY & INTERNATIONAL RELATIONS

No 11, November 1987

[Except where indicated otherwise in the table of contents, the following is a complete translation of the Russian-language monthly journal *MIROVAYA EKONOMIKA I MEZHDUNARODNYYE OTNOSHENIYA* published in Moscow by the Institute of World Economy and International Relations of the USSR Academy of Sciences.]

Revolution Not Immediate Prospect in Capitalist Countries

18160003a Moscow *MIROVAYA EKONOMIKA I MEZHDUNARODNYYE OTNOSHENIYA* in Russian No 11, Nov 87 (signed to press 14 Oct 87) pp 3-14

[Article by I. Guryev: "In the Vanguard of History"]

[Text] Great historical events are always multivalent. A most important political value of the 1917 October Revolution was the conversion of Bolshevism into a phenomenon of a world order.

Having headed the struggle of Russia's proletarian masses and brought them to a revolution which became a pivotal event of world history, the Lenin Bolshevik Party confirmed in the most convincing way—by practice—that the path of class struggle brought to revolutionary intensity and scale leads to socialism. The force of this example stirred up in many countries in the grip of class battles a wave of the formation of communist parties. There was a decisive demarcation in the workers movement of its two main trends—revolutionary and reformist.

Communist parties were formed in 1918 in Germany, Austria, Hungary, Poland, the Netherlands and Finland. In the summer of 1920 the delegates of 27 communist parties participated in the second congress of the Communist International (which had been created in 1919). By the time of the convening of the seventh congress (July 1935) the Comintern incorporated 76 communist parties and organizations. There were in their ranks 3.141 million persons, including over 785,000 in capitalist countries.

Now communist parties operate in 95 countries—socialist countries, those liberated from colonialism and industrially developed capitalist countries. They unite over 80 million persons (400,000 in 1917). In the 70 years since October the number of communists in the world has increased 200-fold. Is this not eloquent testimony to the powerful vital force of the communist movement! But quantitative indicators do not in themselves provide to the full extent an idea of the growth of

the communist parties' influence. Many hundreds of millions of persons support the communists, share their ideas and vote at elections for the candidates which they nominate.

The successes are undoubted. But they have been paid for at a price of the heavy labor, intensive struggle and the lives of hundreds of thousands and millions of communists. History is not, of course, the sidewalk of Nevskiy Prospekt. Particularly for those who are paving the way to the future. The tribulations, deprivations and, at times, unconcealed hounding and persecution of communists in countries of the nonsocialist world are testing their steadfastness and devotion to their cause. Not everyone is always capable of passing this test. All the greater is the meaning and significance attached to the growth of the communist movement in this part of the world also.

The material of the 27th CPSU Congress describes the communist movement "as the most influential ideological and political force of the present day". Communists head ideologically and politically the advancement of hundreds of millions of people along the path of the creation of a fundamentally new, communist civilization. This fact alone, seen from the viewpoint of its historical meaning, puts the communist parties in an absolutely special position in respect of the social forces and organizations, mass, generally recognized and highly influential included, whose energy is geared to the preservation and "patching up" of the old, capitalist civilization.

Leadership of the direct building of new social relationships is just one aspect of communists' activity. No less significance, perhaps, is attached to their most active participation in all the most important historical events of the current era and in all the battles whose results determine to a large extent the present political character of the world.

Communists have headed the social revolutions of the working majority in all the countries in which these revolutions have occurred and conquered. Approximately one-third of the world's population now lives in socialist countries.

Communists have participated most actively and, in certain cases, led national liberation revolutions. Countries liberated from colonial dependence now constitute a pronounced majority in the world community of states.

Communists have always been and remain at the forward edge of the struggle against the forces of imperialism and reaction. At the time of WWII they made an outstanding contribution to the organization of the resistance movement and then to the smashing of the assault detachments of international imperialist reaction—German fascism and Japanese militarism. In our day,

defending life on Earth itself against the threat of nuclear annihilation, the communists are playing a most active part in the mass peace supporters movement.

Always, in all the battles in which they have participated and continue to participate the communists, guided by Marxist-Leninist theory, have invariably defended the interests of the working people and their rights and vital aspirations. They aspire to find support in the masses, support the demands of the working people and are fighting together with them. It is this nature of political activity which has enabled communists to exert a pronounced influence on the course of events at both the national and international levels and on the change in the world historical situation as a whole and to become the most influential political movement of the present day.

At the same time it would be a dangerous delusion to believe that the communist movement is always "condemned to success" and to see in all actions of the communist parties historical justification and rightness. Of course, belief as to the historical inevitability of capitalism's replacement by socialism, a clear understanding of the objective regularities of societal development and a high degree of organizational cohesion determine the vanguard role of the communists in the workers movement and afford them an opportunity to direct the struggle of the forces of social progress among the most tested paths and to serve as a kind of conduit of history.

However, none of these qualitative singularities in itself serves as a guarantee either against severe trials of the objective situation and the struggle or against intrinsic weaknesses and mistakes. Abrupt, sometimes unpredictable changes in social development; changes in the political mood, consciousness and behavior of the masses; increased confrontation on the part of ideological and political foes; one's own miscalculations in an evaluation of the overall situation, most important trends of the change therein and the interests and aims of one's allies in the struggle and in the choice of its principal directions and means; intraparty disagreements—these and a number of other factors and circumstances may at times be reflected inauspiciously in the position of this party or the other and lead to a reduction in the number of its supporters, a weakening of support on the part of the masses and a temporary drop in influence.

The communist parties of a number of Western countries, in particular, have in recent years been encountering such difficulties. A diminution in the influx of new members and, sometimes, an outright reduction in numbers have been observed in some of them. The strength of the Italian Communist Party (PCI), which nonetheless remains the biggest communist party in the nonsocialist world (according to figures for April 1986, the PCI had approximately 1.596 million members), declined by more than 200,000 persons from 1977 through 1986. Communists are worried by the "aging" of many parties

in connection with the marked reduction in the influx of young people. For example, the PCI consisted (according to data for January 1985) of 10 percent young people aged 18 to 30 and only 3 percent in the 18-24 age group.

Difficulties in dissemination of the communist press are growing. There has been a decline in the circulation of party newspapers and journals in a number of countries. The number of votes obtained by communist candidates at parliamentary elections is diminishing. At the elections to the French National Assembly over 21 percent of the electorate voted for Communist Party candidates in 1973, 16.8 percent in 1981 and 9.8 percent in 1986. At the special parliamentary elections held in June 1987 Italian communists obtained the support of 26.6 percent of the electorate, which was 3.3 percent less than at the 1983 elections.

The communist movement long since became an inalienable factor of world political development. For this reason changes in the position of a number of communist parties of the capitalist West—a slowing of the advance in some countries, a retreat from positions which had been won in others—are significant not only for these parties themselves. They cannot be gaged only by the scale of political development of individual countries.

At the same time, however, the more or less synchronous entry into a period of difficulties not of one or two but of a number of parties testifies that the first cause of the difficulties is being shaped not so much by the activity of this party or the other in itself (although we should not be distracted from realities of this order either) as the course of the objective changes being undergone by present-day state-monopoly capitalism.

Under the Changed Conditions

A capacity for conversion is a permanent attribute of capitalism (1). A particular role in the process of changes may be performed by economic crises, primarily those which have the greatest power of destruction. Causing a noticeable deterioration in the position of the working people, embittering them and bringing about waves of mass anger, such crises create a direct danger to the very existence of the capitalist system and force the ruling class to consent to this reform or the other and a renewal of the evolved forms of social relations.

A most striking example of this was the New Deal and a number of subsequent socioeconomic measures adopted by U.S. President F. Roosevelt for the purpose of overcoming the most severe consequences of the 1929-1933 general cyclical overproduction crisis. F. Roosevelt's actions paved the way in practice for the liberal-democratic form of government intervention in the economic and social development of society. At the same time they accelerated the growth of monopoly into state-monopoly capitalism.

In the 1970's-start of the 1980's the developed state-monopoly economy was in the grip of a whole number of crisis processes.

The period of currency disorders, continuing to this extent or the other to the present day even, began earlier than the others. Their culmination was the collapse of the Bretton Woods currency system built on the principle of the fixed rate of exchange of the U.S. dollar for gold, and of all the other national currencies for the dollar. Then an acute energy crisis erupted: the developed capitalist countries "suddenly" encountered a shortage of oil resources and then a sharp (with two peaks), almost tenfold, increase in the price thereof. This crisis had serious repercussions both for national economies and the world capitalist economy as a whole. Enemy No 1 everywhere was inflation. Profound and prolonged (by the standards of postwar decades) cyclical overproduction crises twice in a relatively short period of time—mid-1970's-start of the 1980's—practically simultaneously hit the economic life of all developed capitalist countries. Unemployment, the scale of which increased at least threefold in little more than a decade, became a true social disaster. The size of the international capitalist debt grew by a factor of 10^2 —from tens of billions of dollars to more than \$1 trillion. A number of base sectors of material production, including those such as metallurgy and textile industry, the first of which constituted recently even the very foundation of heavy, and the second, of light, industry, found itself in a state of chronic recession.

A situation of multipolar crisis instability virtually unique in history took shape in the capitalist economy. It was in striking contrast to the situation of relatively successful development which reigned throughout the 1950's-1960's. The conditions of the activity of capital deteriorated sharply, and the risk for new capital investments and enterprise as a whole increased. All this caused increased mass disquiet and discontent.

The monopoly bourgeoisie was, perhaps, the loudest in its expressed unhappiness. It leveled its complaints primarily at the state, seeing its liberal-reformist socioeconomic policy as the principal cause of all troubles, primarily inflation and the difficulties of an increase in competitiveness. "Crises of confidence" in the capacity of governments for creating the conditions for sound economic development were ignited virtually everywhere (with the assistance of the mass media included). The economy became the enemy of politicians. But politicians of a liberal-democratic persuasion. Taking advantage in their own interests of the discontent with the latter's socioeconomic policy, representatives of the conservative wing of the ruling class strained for (and forced their way to!) power.

The increase in prices and unemployment and the conservatives' offensive against the social rights and gains of the working people should seemingly have led to an explosion of the masses' anger and the rapid formation

of the immediate prerequisites for profound democratic transformations and brought closer the revolutionary prospect for the communist parties. However, this has not occurred.

There are, in all probability, several reasons for this.

First, the economic situation throughout the group of developed capitalist countries has changed for the better in the past 5 years. Inflationary pressure has diminished. The energy situation has stabilized. Social production has grown, albeit not very rapidly (2.6 percent in 1986).

At the same time a number of obvious factors of instability continues to operate. The situation on the currency markets is exacerbated sporadically; the scale and dynamics of international debt are giving rise to big misgivings; the possibilities of the absorption of unemployment by methods of conservative economic policy appear dim.

Nonetheless, a fact remains a fact: possibilities making it possible to lift the ship of the economy from the sharp reefs on which it had found itself in the mid-1970's-start of the 1980's showed through in the mechanism of capitalist reproduction, in the economic activity of the bourgeoisie and in the economic policy of the state. In addition, capital's active use of the particular features of the new stage of the S&T revolution led to the comparatively rapid development of the progressive industries and services and a structural rebuilding of the economy. International economic ties are developing dynamically given the most active participation of transnational capital. All this could not have failed to have been reflected in the attitude of relatively broad masses toward the economic possibilities of present-day capitalism and to have played its political part.

Second, pronounced changes have occurred in the social structure of wage labor. Its boundaries have been extended, and the numbers of the working class have grown. The field of the main class contradiction has correspondingly become even wider. However, this does not mean that in the wage labor environment there has been a corresponding increase in the pressure of anticapitalist and, even less, revolutionary trends. Processes of the differentiation of the working class have intensified under the influence of the crisis processes, capital's assimilation of the possibilities of the S&T revolution and the structural changes in the economy.

The proportion and, sometimes, the absolute numbers of the factory-plant proletariat—miners, metal workers, engineers and so forth constituting the nucleus of the working class—are declining. At the same time, on the other hand, there is a rapid growth in the new detachments thereof employed in the actively expanding service sphere. In a quantitative respect these detachments are noticeably superior to industrial workers. They are

just as noticeably inferior to industrial workers, however, in terms of the level of their organization, militancy and recognition of the ultimate interests of the workers movement.

A divide has also shown through between those who have an opportunity to work in the sphere of the "legitimate economy" and those who have found themselves on the sidelines—the unemployed engaged in the "underground economy," foreign workers, substantial numbers of pensioners and other categories of so-called marginal strata of the proletarian population. For the first the main thing is to at least preserve what they have, their jobs primarily. They frequently do not conceive of any "increments" under conditions of mass unemployment. The second are endeavoring to extricate themselves from the critical situation in which they find themselves. An "increment" for them and struggle for improvement are essential. But the first are the majority, and this fact alone isolates the second somewhat and rolls them back into a kind of socio-psychological ghetto.

Trends of differentiation are making themselves felt in the industrial nucleus of the working class itself also. Its professional-skills composition is changing. The proportion of skilled workers (they constituted in 1986 some 43.9 percent of the total numbers of industrial workers of the United States) (2) is growing. The stratum of specialists who in terms of level of education and training and nature of the work closely approximate engineering-technical personnel is increasing in this group. Such, obviously, is a form of manifestation of the natural process of development of the main productive force of human society. Such is the positive significance of this trend. But it should not be lost sight of that this group of industrial workers is revealing social inertness, and many of them are less disposed to rely on the power of class solidarity and are oriented more toward personal success. None of this is in any way contributing to an increase in the revolutionary potential of the nucleus of the working class.

The same, obviously, may also be said about the process of renewal of the composition of the industrial working class thanks to its increasingly active replenishment by people working in the expanding industrial-information complex. These new strata represent a complex conglomerate significantly inferior to the traditional nucleus of the proletariat in terms of the level of both organization and class self-awareness.

The diminution in the concentration of workers at the big and biggest enterprises is a further essential change in the traditional composition of the industrial detachments of the proletariat. The retooling of old enterprises (up to 80 percent of capital investments is spent on the modernization of the production machinery in Western countries) and the use of labor-saving equipment and technology are being accompanied by a diminution in the number of people employed thereat. In the majority of cases the new enterprises have primordially been

geared to the use of as little live labor as possible. The decline in the numbers of the worker outfits is leading to a lowering of the level of class organization of the industrial proletariat and complicating the achievement of the unity of its mass actions.

Thus the changes which have been taking place in the last 15-20 years in the structure of wage labor have by no means contributed to its increased sociopolitical assertiveness. On the one hand the militant potential of the traditional nucleus of the working class has diminished. On the other, the protest of the new detachments against exploitation and oppression has not yet acquired true dimensions and power. The situation is made worse by mass unemployment, which is inducing the workers and employees to fight preferably defensive battles and at the same time, in increasing competition among them, limiting their capacity for resisting the offensive of capital.

Under these conditions the right wing of the ruling class effected relatively easily a conservative change the length of the political front, primarily where the interests of the working class have been affected most directly—in the sphere of social policy.

Third, the working masses' attitude toward capitalism has become more complex. The level of mass protest in the developed capitalist countries is not declining. The working people are conducting a struggle against the closure of enterprises, employers' refusal to raise wages, against the giant military spending, environmental pollution, the lack of government attention to the situation of the higher school and so on and so forth. The protest is assuming various forms—meetings, demonstrations, marches, picketing, stoppages, sympathy strikes, occupation of empty premises and enterprises and so forth.

All this is evidence that the class struggle remains the dominating feature of the political life of capitalist society and that the masses are convinced of the efficacy of struggle. The assertiveness of the protests shows at the same time that capitalist reality itself continues to serve as a nutrient medium for mass discontent.

And at the same time, however, broad strata of the working population of the developed capitalist countries have not been rising in practice, in recent years, in any event, to the level of protest directly against capitalism as a whole as a system of social relations. Acute dissatisfaction with the state of affairs in this walk of life or the other is not growing into anger at the incapacity of the system in general for solving vitally important problems. The notion is taking shape in the mass political consciousness that it is possible with struggle to solve many quite acute questions of social development without doing away with the social system as a whole.

This complicated attitude toward capitalism reflects the experience both of the class struggle and the development of capitalism throughout the postwar period. In the

course of class battles, via offensives and retreats, scoring successes and experiencing defeats, the working people have as a whole achieved a pronounced rise in real wages compared with the start of the 1950's (from a factor of 1.3 in the United States to fourfold in Japan). And capital has found opportunities (thanks, naturally, to the increased exploitation of the workers themselves primarily) to accede to this rise, although, relying, in addition, on the assistance of the state, has repeatedly switched to counterattacks against the wages. The growth of the real wage has contributed to a change in the quality and structure of personal consumption and also the way of life of the working people.

The policy of reforms which was pursued quite actively right up to the mid-1970's and which has been subjected to conservative limitations in the 1980's has also played a part of considerable importance in complication of the attitude toward capitalism. Even in abridged form the social security system created under pressure from the working people is reducing the seriousness of the disasters engendered by capitalism. Exercising the function of a kind of shock absorber, it makes it possible in crisis years to switch the growing discontent with the defects of the social system to the shortcomings of current programs.

The attitude not only toward the socioeconomic but also political system of bourgeois society has become more complex. In evaluating its pluses and minuses quite broad working masses take into consideration primarily the fact that they have been able under the conditions of this system to make considerable social gains. The strengthening pragmatic, rationalist trend in the mass consciousness operates in this direction also. This trend orients people predominantly toward a search for solutions of the complex problems confronting society which while affecting the causation of these problems leave the basic social institutions unchanged.

The vast majority of working people of the developed capitalist countries have achieved relative material prosperity, rely on their social gains and enjoy certain democratic liberties. They count on possibilities of struggle in defense of their interests, but at the same time are apprehensive about subjecting their property to the risk of serious social battles and upheavals.

All this points to the vitality of present-day capitalism and its capacity for adapting to the new conditions born of its intrinsic contradictions and the capacity of the bourgeoisie to temporarily strengthen its power even in an inauspicious crisis situation without resorting here to extreme-right coups and fascist putsches, as was the case in the 1930's.

The situation in the developed capitalist countries testifies that a revolutionary situation is not a possible option of the near future of their sociopolitical development (3). The upper strata have demonstrated their capacity for administering in the old way and keeping the situation

under control using neoconservative means and methods. The bulk of the lower classes is showing just as certainly that it does not today aspire to fundamental changes. In terms of its objective content this situation has at all times constituted the greatest difficulty for revolutionary parties. It is creating difficulties for the communists of a number of developed capitalist countries in our day also. At the same time it is essential to continue work in the masses and seek new opportunities and paths because the entire objective course of development of capitalist society—the continuing process of the socialization of production, expansion of the spheres of crisis upheavals, the exploitation of wage labor by the owners of capital and class struggle as the sole means of defense of the interests of the exploited—confirms the historical inevitability of capitalism's replacement by the communist society.

As of the end of the 1950's even the communist parties, considering the absence of a revolutionary situation, began attempts to realize a movement toward revolution via the struggle for democracy. In the 1970's—years of acute crisis—these attempts were continued.

In the Search for New Ways

The elaboration of programs of socioeconomic development alternative to state-monopoly programs was a part of the practice of all communist parties. Their priority task was reflecting with the greatest amplitude the immediate interests of the working people of the given country. The purpose of the task was obvious: attracting the attention of as large a number thereof as possible, relying on their support and leading them to the struggle for realization of the program. Naturally, the programs had to be of a nature specifically attuned to the conditions of each country. There could be no twin programs in this connection. Government policy changed under different economic conditions—the relatively auspicious 1950's and the acute crisis 1970's. Different alternatives were formulated accordingly also.

The greatest difficulty both in the elaboration and, even more, the realization of the alternative programs is their degree of practicality. In a certain respect a number of their provisions is knowingly doomed to failure. After all, these programs have to cater for the workers' interests and be an alternative to the interests of capital reflected in the government programs under conditions where production is subordinated to the laws of capitalist enterprise, and the commanding heights in the economy, and in policy also, are occupied by the bourgeoisie.

Alternatives put forward in an atmosphere of economic crises are extraordinarily difficult to implement. In order to win mass support they must be geared to a surmounting of the crisis situation and a way out therefrom. This demands an increase in the efficiency of social production, in which the bourgeoisie also is interested to a considerable extent. At the same time, however, the democratic alternative must be geared to ensuring a

fundamental improvement in the position of the working class and the working masses as a whole and subordinating the country's production potential to the requirements of its working majority.

The complexity of the situation in which the alternative programs are elaborated contributes at times to a stimulation among certain party members of a trend toward this form or the other of reconciliation with capitalism and with this nuance or the other of reformism and opportunism. The surmounting of the propensity toward the advancement of demands corresponding to class interests, but understood in a purely dogmatic plane and divorced from actual possibilities requires particular efforts also. Current demands concerning the working people's socioeconomic interests—employment, wages, social insurance and so forth—are quite often put forward in a specific form which essentially implies elimination of the economic and political power of capital. Such sectarianism can only lead a party to a separation from the actual struggle of the masses. Many parties are familiar with such difficulties to this extent or the other.

In seeking ways of solving problems affecting the day-to-day interests of the working people the communists are at the same time pursuing more general goals also. Primarily the democratization of society by way of securing the working people's genuine participation in the management of the economy at various levels. The democratization process under the conditions of present-day capitalism which the communists advocate is inseparably connected in its class essence with the process of the expansion and strengthening of the positions of the working class in the state. And this, in turn, could open the way to the securing of political conditions more conducive to a cardinal restructuring of social relations as a whole.

The quest for new ways of advancing toward revolution via the struggle for democracy is not, naturally, confined merely to the elaboration of programs of a democratic alternative. A notable place in parties' theoretical activity is occupied by fundamental questions of revolution, primarily the stages, forms and methods of accomplishment thereof. On all these issues the communists have conducted an active struggle against leftist currents, under whose slogans terrorist groupings have operated in a number of West European countries.

Problems of the correlation of revolution and democracy have been elaborated also. Insufficient clarity on these issues and a certain undue enthusiasm for pronouncements made for effect "have created the soil for the emergence of certain contradictions and fluctuations in the theoretical and practical activity of certain communist parties and, sometimes, for the actual revision of the conclusions of revolutionary teaching proven by practice..." (4). A concentrated expression of such trends was S. Carrillo's book "Eurocommunism and the State". The "Eurocommunism" concept gained, as is known, a certain prevalence in a number of communist parties. The

intrinsic bankruptcy of this concept made ultimately for its failure. But, nonetheless, considerable damage was done to the communist movement. Heavy losses were incurred by the Spanish Communist Party, which had been split, and the prestige of certain other parties suffered in the eyes of the working class.

The creation of broad alliances of democratic forces is an acute question in the practical-political activity of the communist parties, even the biggest. Cooperation with other political forces is essential to the communists, for struggle against the threat of nuclear war and for repulsing the offensive of rightwing conservatives included.

An important component of the communists' approach to the accomplishment of this task under the conditions of the developed capitalist countries is the establishment of contacts and cooperation with the socialists and social democrats at all levels—from the local organizations through high executive authorities. This cooperation in certain of the most developed countries has reached the level of a comparatively in-depth experiment (the "union of the left" in France and the "new parliamentary majority" in Italy). The mutual relations of communists and socialists in Spain since the fall of the Franco regime have begun to develop on a different basis from previously. Other communist parties also have engaged in important initiatives in the direction of the elimination of disagreements with the social democratic movement.

In a number of countries, particularly where big communist parties operate, joint actions are being implemented successfully in local self-governing authorities. This form of cooperation is particularly important in view of the fact that it persuades the masses on the basis of the example of the day-to-day practical activity of country, provincial and municipal "governments" of the possibility of communists' efficient joint work with socialists and social democrats in national government also.

However, cooperation with socialist and social democratic parties is attended by considerable, at times difficult, complexities and contradictions. The social democrats and socialists remain basically workers parties in terms of composition (and electoral base particularly). At the same time, however, it is mainly the reformist section of the working class, whose ideological and political outlook is comparatively limited, which follows them. The task of surmounting anticommunist prejudices, which have accumulated in the social democratic parties and organizations, constitutes a big difficulty here.

On the other hand, while attaching great importance to an alliance with the socialists and social democrats and a unification of efforts in the struggle against the ruling class and its policy, the communists do not aspire to "swallow up" their allies, but nor will they permit their

own diffusion in them and a descent into their ideological and political positions. The tasks which the communist parties are setting themselves may be accomplished successfully only given the communists' preservation of the role of foremost detachment in each such alliance. All these are questions of fundamental significance. Their solution will depend not only on the will and desire of the communists but requires persevering, lengthy and extraordinarily complex work.

Circumstances may take shape such that the socialists turn down unity of action with the communists. Thus agreement was reached in 1978 in Italy on the formation of a parliamentary majority with the participation of the PCI. For the first time in 30 years the PCI emerged from the opposition and began to support the government on the basis of a program approved in advance and largely taking account of the communists' proposals. However, the most important political force of the Italian bourgeoisie—the Christian Democratic Party—was manifestly uninterested in implementing many progressive measures, and the forces of the right within it endeavored to take advantage of the PCI's inclusion in the parliamentary majority to demonstrate that the communists' participation in running the country did not necessarily have to be linked with a fundamental shift in the socioeconomic situation. This period, which was critical for the fate of social progress, reflected the utterly inadequate coordination of action between the PCI and the Italian Socialist Party, which was also part of the government majority.

The reluctance of the Italian Socialist Party leadership to move toward closer cooperation with the Communist Party was the main reason for the absence of allied relations between these two detachments of the Italian working class, although cooperation had long been practiced—and often highly successfully—in the unions and local self-governing authorities.

The experience of the participation of the French Communist Party (PCF) in the union of the left also testifies to the difficulties in relations between communists and socialists.

The coalition of parties of the left—communists, socialists (PSF) and left radicals—was the winner at the general elections in France in 1981. The communists consented to join the government majority on condition of the implementation of an action program which had been drawn up jointly with the socialists and which provided for a number of progressive socioeconomic transformations. The dominant positions in the government were occupied by the socialists, but the communists were for some time afforded opportunities for defense of the interests of the working people and a strengthening of their own influence. In joining the government the Communist Party was upholding the interests of the masses and at the same time orienting them toward constructive enterprising support for the

ruling majority, intending to ensure a combination of the assertive actions of the government and the mass struggle and participation of the working people in managing the affairs of society.

In February 1985 the 25th PCF Congress pointed to the erroneousness of the practice and theoretical substantiation of the union of the left of the 1981-1983 model, which was in fact reduced to an agreement merely at the level of the "headquarters" of the two parties. As a result the idea of the identity of goals of the communists and socialists began to spread among the working people, even among members of the PCF. Illusions appeared to the effect that the PSF was capable of abandoning its inherent devotion to the ideas of bourgeois reformism. All this ultimately could not have failed to have led to anything other than a weakening of the communists' positions both in the union of the left and in the political structure of society as a whole.

The socialists were quite quick to set aside their election promises and, making an abrupt turn to the right, adopted a policy of implementation in the country of a regime of "austerity" and the "modernization" of industry, which corresponded, as a whole, to the interests of the employers. The PSF demanded of its government coalition partners—the communists—observance of the undertaking to pursue a common political course while simultaneously depriving them of an opportunity to effectively defend the working people's interests.

In the summer of 1984, following the elections to the European Parliament, at which the PCF and PSF experienced a considerable shortfall in the vote of their electorate, which abstained, the Communist Party took the decision to leave the government and somewhat later switched to open opposition to it. At the 25th PCF Congress the "austerity" policy being pursued by the government of the socialist L. Fabius was seen as an example of the social democratic rule of the country in the interests of big capital. As a counterweight to this policy, the communist congress put forward a wide-ranging program of anticrisis measures. As far as the sociopolitical force which could ensure the accomplishment of the tasks of this program is concerned, the congress advanced the idea of the formation of a "new association of the majority of the people": a broad coalition of forces advocating profound anticapitalist transformations. The working masses themselves are to be the main participant in the "new association".

The communist parties have traditionally attached importance in their activity to mutual relations with the unions. The deterioration in the situation in the capitalist world connected with the conservatives' offensive, the growth of unemployment and the intensification of anticommunism has weakened the political role of the unions. Estrangement between various union centers has

increased. Relations between the communist parties and the unions have also become more complex and strained. But this means merely that the communists must step up their work with the unions.

The 1970's brought onto the stage of the political life of the developed capitalist countries a mass of new nontraditional organizations forming in sum a protest movement against various forms of the threat being given off and spurred by contemporary capitalism. It is a question of the peace movement, which assumed unprecedented proportions and range and which has many tens and hundreds of organizations in each country; the movement in defense of the environment (the so-called ecologists or "Greens"); movements of the "civic initiatives" type frequently guided by the "what the state does not wish to do should be done by the citizens themselves" principle; and also "alternative" movements which see as the point of their actions a change in the forms of human community living. Considerable changes occurred in the activity of the women's, youth, student and other movements.

The main nutrient source of the emergence of these movements or of the stimulation of their activity was people's growing concern for the fate of peace and the state of their environment and discontent with the callousness and bureaucratism of the state and its institutions, the growing crisis instability and so forth. By virtue of their range and constancy of action, these movements have become an actual social force.

Considering the range and democratic focus of the protest movements, communists of the developed capitalist countries aspire to cooperation with them. At the same time the social heterogeneousness and contradictoriness of the views of the participants in the movements and their estrangement from current political institutions and open distrust of parties, communist parties included, are giving rise to many difficulties in the way of the creation of the alliance of democratic forces which the communists advocate. The formation of such alliances is also being impeded to a considerable extent by the forces of imperialist reaction intimidating its potential participants with the communists' "intrigues" and the prospect of "dependence" on them. At the same time, however, the communist parties themselves recognize that an expansion and enhancement of the degree of intensity of contacts with thenonproletarian strata constituting the main social base of the protest movements increase the danger of the communist movement's penetration by views alien to the scientific Marxist-Leninist philosophy.

The surmounting of these difficulties will require considerable efforts in the refinement of political practice, in the defense of the purity of Marxist-Leninist theory and in its creative development. In seeking greater interaction and mutual understanding with the democratic movements communists make the cornerstone the question of precisely what, what goal, brings them close to

these movements. This approach affords an opportunity for uniting in the struggle for the solution of the most urgent questions the broadest strata of the population of capitalist countries and imparting to this struggle a truly general, popular scale and character.

The struggle for peace and disarmament has become the most important of all vitally important issues. Communists of the developed capitalist countries regard the securing of peace as an indispensable condition of social progress. They do not preclude the possibility of the problem of the prevention of war being capable, given certain circumstances, of being decisive in the question of power also (5).

In the struggle for peace the communist parties are the most active force. But their real significance in this cause also is determined not so much by independent demonstrations as joint struggle with all the participants in the antiwar front. The achievement of the effective interaction of all participants in this front entails the surmounting of considerable difficulties. The antiwar movements are in terms of their goals and composition of a democratic nature. Their participants are united by a common concern to prevent nuclear war. At the same time, however, peace supporters may occupy very different positions reaching the point of direct contradictions on a number of most important questions of the international and domestic life of the capitalist countries. In a number of countries the antiwar movement is also being weakened on account of the insufficiently assertive role of the working class in the struggle for peace. And the support which some workers, substantial numbers at times, give at elections political parties pursuing a policy of exacerbating international tension and intensifying the arms race strikes directly at the participants in the antiwar front, evoking their corresponding response. The surmounting of such contradictions and difficulties demands of the communists considerable efforts, in the ideological and political sphere included.

The antiwar movements are developing their activity in national arenas, attempting primarily to put pressure on the foreign policy decisions of the corresponding governments. But the problem of war and peace is international in essence. The accomplishment of the task of preventing war, nuclear all the more, may be secured only by way of a strengthening of the international solidarity of all peace-loving forces.

The unity of the international communist movement could be a most important prerequisite of such solidarity.

The Great October inaugurated a new era in the history of mankind—one of the revolutionary renewal of the world. But the path of renewal is complex and thorny inasmuch as the course of history is unpredictable, and the peripeteias and vicissitudes in the passage thereof are

odd and unexpected. Each real step toward mankind's complete deliverance from all forms of social inequality and injustice is achieved only with tremendous exertion.

Figuring out the stratagems of events, finding correct solutions, overcoming difficulties and intrinsic weaknesses, relying on the support of the masses and heading them, the communists—the conduits of history—are continuing their heroic path.

Footnotes

1. This was obvious back in the 1860's, when K. Marx wrote in the preface to the first edition of volume I of "Das Kapital" that "...today's society is not solid crystal but an organism capable of transformations and in a constant process of transformations" (K. Marx and F. Engels, "Works," vol 23, p 11). This is obvious in our day too. "Present-day capitalism is largely different from what it was at the start and in the middle even of the 20th century" ("Material of the 27th CPSU Congress," Moscow, 1986, p 130).

2. *Employment and Earnings*, January 1987, p 177.

3. "Even comparatively recently," an international discussion meeting on certain topical problems of the present-day communist movement conducted in Prague observed, "communists believed that the 20th century would be the age of the worldwide triumph of socialism. But it is now clear that however great the desire, natural for revolutionaries, to bring closer the hour of victory, this goal is being deferred to the more distant future" (*Problemy mira i sotsializma* No 10, 1986, p 46). Essentially the same viewpoint is expressed by Alvaro Cunhal, general secretary of the Portuguese CP: "...For objective and subjective reasons the communist parties have in some countries lost a revolutionary prospect in the immediate future" (*Pravda*, 4 September 1987).

4. See "The International Workers Movement. Questions of History and Theory," vol 8, Moscow, 1985, p 512.

5. See *Problemy mira i sotsializma* No 11, 1985, p 46.

COPYRIGHT: Izdatelstvo TsK KPSS "Pravda".
"Mirovaya ekonomika i mezhdunarodnyye
otnosheniya", 1987.

8850

Predictability Prerequisite for Mutual Trust
18160003b Moscow MIROVAYA EKONOMIKA I
MEZHDUNARODNYYE OTNOSHENIYA in Russian
No 11, Nov 87 (signed to press 14 Oct 87) pp 15-26

[Article by V. Petrovskiy: "Trust and the Survival of Mankind"]

[Text] I

Trust as a political category is no new concept. History has many examples of symbolic gestures aimed at proving

peaceful intentions or creating conditions making difficult mutual aggression. It is sufficient to recall that the now everyday custom of removing one's glove and proffering the open hand for greeting originally meant: see, I am unarmed, I have no intention of attacking you.

In international relations trust has always played an important part, and its presence or absence has frequently influenced a decision on questions of war and peace. Ideas concerning security and the creation of cliches of the perception of various states and peoples have traditionally been linked with it. As mankind has developed and the weapons of war have improved and, particularly, nuclear and other weapons of mass annihilation capable of wiping everything living off the face of the Earth have appeared, the question of trust is on a par with the problem of the survival of civilization.

The prudent power of trust, and not the insanity of intimidation—such is the imperative of the world of our day—a world which social and S&T progress, having compressed space and time to the utmost and at the same time expanded man's power unboundedly, has made interdependent and fragile. In the face of common global threats and problems of a military, S&T, ecological, raw material, economic and other nature states must master the science of mutual understanding and productive cooperation and abandon the narrowly egotistical interpretation of national interests.

It is perfectly obvious that all-embracing security may be built and cemented only on the certainty of states—each and every one—that they may so trust one another as to be able to do all of their business without reliance on force or the threat of force and may disarm and coexist in a nuclear-free, nonviolent and ultimately demilitarized world. Under these conditions the problem of trust acquires a new dimension: a transition from the individual measures in this sphere which have been adopted hitherto to a broad policy and strategy of trust is essential.

The defenders of nuclear weapons maintain that these weapons substitute for the trust which is currently lacking inasmuch as they deter a new world war by virtue of their lethal power itself. But, first, they close their eyes to the fact that with each new twist of the spiral of the arms race and the appearance of the real danger of its outlet into space the nuclear "safeguard" increasingly becomes a "death sentence" passed on mankind: after all, in an atmosphere of suspicion and fear the possibility of the accidental, unsanctioned outbreak of war increases inordinately. Such is a regularity of military-engineering quest, such is the inevitable payment for the discrepancy between the levels of the political consciousness and technological development of human society. And, second, to the extent to which reliance on preservation of a nuclear Damocles' sword is the most convincing proof and manifestation of a reluctance to believe in the very

possibility of international trust, to that same extent is an active endeavor to beat this sword into a ploughshare the highest confirmation of the conviction and resolve to secure such trust.

Deliverance of the world from the nuclear threat and confidence-building are the two rails of the single track along which alone the locomotive of history can now run.

True, some people in the West are attempting, as before, to show that trust must precede virtually all else, including disarmament negotiations and accords, the development of mutually profitable cooperation and so forth. Such a formulation of the question is not legitimate, in our view. It merely confirms that a lack of trust is a lack of new thinking for elements of mutual trust cannot be built up while preserving ossified positions.

The creation and consolidation of trust need to be approached via joint efforts and action all at once in all areas of the formation of an all-embracing system of security—military, political, economic, ecological and humanitarian—and the way thereto to be paved by cooperation, mutual familiarization and the solution of practical questions. At the same time actions pertaining to the formation of trust contain the prerequisites for transition to increasingly far-reaching forms of international interaction and thereby represent a central system-forming element of the shaping of a secure, nonviolent world. Obviously, the basis of a policy and strategy of trust must be the principle of more actual action, more disarmament. As a result trust would be buttressed by a substantial base of assurances. Deterrence based on mutual trust and knowledge of the partner would be the norm of relations between states and a law of international life.

Trust begins with a realistic evaluation of one's own actions. Not the posture of self-appointed supreme arbiter in respect of the whole world but respect for others combined with an objective, self-critical view of one's own society and policy—this is what international relations so acutely lack.

Everyone should travel the road toward trust. Of course, risks will need to be taken in places. We are not, of course, making an exception for ourselves, although if we recall the history of the Soviet state, which has twice been subjected to attack from outside, we have sufficient reasons for distrust. But in today's international relations—the state thereof and development trends—there is even greater risk.

For this reason all must display realism and responsibility lest disagreement engender hatred, and criticism, hostility, and a conflict of ideas and interests become confrontation. It is important to look forward, and not remain in the grip of the past.

The new philosophy of security adopted by the Soviet Union proceeds from a recognition that in today's complex and contradictory world bold new approaches and nonstandard solutions of international problems are essential.

The greatest enemies of trust are fear, suspicion, unpredictability and doubts as to the dependability of the partner. It is not a persecution mania but circumspection which frequently forces military and political leaders to proceed from the worst-case scenario. Uncertainty and the fear which it engenders may be avoided only by the achievement of predictability and dependability in policy.

The predictability of a state's international behavior, in turn, ensues from its domestic plans and intentions. The perestroika which is unfolding in the Soviet Union shows clearly and precisely whither the USSR wishes to direct its resources, to what its thoughts are turned, what the real intentions and programs for the future are and how it wishes to use the economic potential and intellectual energy of society. The Soviet state declares candidly that its international policy is determined more than ever by domestic policy and concern to concentrate on creative work to perfect the socialist society. This is why lasting peace and the constructive thrust of international relations are needed.

Predictability is also predetermined to a considerable extent by the atmosphere of glasnost. As a whole, the domestic policy processes in our country are completely demolishing the "closed society" myth and increasing many times over the reserve of strength and dependability of the USSR's behavior on the world scene.

A most important condition of perestroika is the utmost and ubiquitous expansion of the sphere of trust in Soviet society. And this strengthens confidence as to the possibility of the necessary trust being introduced to the sphere of international relations also.

II

The establishment of trust in world politics does not simply presuppose but insistently demands unity of word and deed. Only a peace which has been transferred from the category of declarations to the sphere of practical measures leaves an opportunity for survival. Recognition of this truth and adherence to it have become a kind of law for Soviet foreign policy. We not only declare our devotion to peace but are buttressing peaceful declarations with specific proposals and constructive negotiating positions. Having put forward a program of the stadal elimination of nuclear weapons, the USSR channeled efforts into its practical realization. And although conclusive accords were not achieved in the Icelandic capital, it was clear that a breach of the front of the nuclear danger is perfectly practicable.

Recognizing its responsibility for the shoots of mutual understanding which have made their way through the frozen ground of nuclear intimidation and endeavoring to prevent them withering away and ensure that they bear fruit, the Soviet Union developed its position considerably at the Geneva negotiations and took significant countersteps designed to dispel the concern of the American side. Confirmation of this was the USSR's proposal pertaining to the elimination of INF and operational-tactical weapons globally and the presentation of a draft treaty on a reduction and limitation of strategic offensive arms and a draft agreement on measures to strengthen the terms of the ABM Treaty.

But now certain figures in the present Washington administration displayed at first a clear intention to avoid accords. The heights scaled in Reykjavik had given them vertigo. The discrepancy between the propaganda statements concerning a desire to reduce nuclear weapons and the actual reluctance to abandon the gamble on military-engineering superiority and hopes of tearing ahead in the arms race, via space primarily, shone forth contrastingly.

Absolute certainty as to one's own infallibility and worship of the "my viewpoint is axiomatic" principle threatened to lead to the political course based on such thinking becoming virtually, it may be said, invulnerable to the facts and to an objective perception of the world. Those who inspire it are increasingly reminiscent of the philosopher who concluded that if the facts do not fit the theory, so much the worse for the facts.

How many times now have high-handedness and a blind assurance of one's rightness resulted in the intelligent proposals and initiatives of other countries being rejected out of hand, even if they have corresponded to one's own concerns! And as a result a separation from reality, self-isolation in the citadels of frozen ideas and steps along the dangerous path of recklessness.

It is difficult to exaggerate the direct dependence which exists between trust and the compliance with commitments pertaining to international treaties. The *pacta sunt servanda* principle formulated in Ancient Rome even is, it would seem, a truism, without compliance with which there can be no question of even minimal trust. A policy of trust presupposes the strengthening and observance of the international rule of law and the utmost consolidation and expansion of the legal basis of states' security.

It can hardly be doubted what big a contribution to the cause of a strengthening of international trust will be made by the conclusion of a treaty on medium-range and shorter-range missiles, agreement in principle on which was reached in Washington in September 1987. The sides arranged to hold a meeting in the fall between the general secretary of the CPSU Central Committee and the U.S. President to sign this treaty and examine the

whole spectrum of questions of Soviet-American relations. For the first time in history the idea of nuclear disarmament has thus approached the start of its realization.

In order to begin movement toward mutual trust through the dense fog of suspicion and fear it is at times necessary to proceed gropingly, carefully weighing each step. And great assistance may be rendered here by force of example and unilateral steps leading to the firm ground of trust. As is known, the Soviet Union undertook not to be the first to use nuclear weapons and not to put ASAT weapons in outer space. A striking example of good will was the moratorium on nuclear explosions which it observed for 18 months. The unilateral actions of the other nuclear socialist power—the PRC—which undertook not to be the first to use nuclear weapons and has cut back its armed forces considerably, also contain a positive charge.

Recently the world has witnessed truly unprecedented confidence-building measures implemented unilaterally by the Soviet Union. These include permission for a group of American congressmen to visit a secret Soviet facility—the construction of the Krasnoyarsk radar station. And such a unique political action undertaken in development of the political decision adopted in the Soviet Union concerning the exclusion of chemical weapons from the arsenal of weapons of armed struggle as the invitation of foreign representatives to the secret chemical military facility in Shikhany (Saratov Oblast).

The Soviet Union does not claim a monopoly of the truth. Truth is not decreed nor created by muscle. Truth is the result of the quest and honest efforts of all. I believe that precisely such a difficult quest is currently under way in the world—from an understanding of the kind of policy the modern world needs to the formulation of this very policy.

The USSR is prepared for cooperation with everyone for the purpose of finding the best balance of interests and building confidence. A candid, impartial and truly essentially democratic international dialogue at all levels is needed for this. It is important to commission existing forums and negotiating mechanisms—both bilateral and multilateral—in all spheres of the formation of an all-embracing system of security and make them fruitful.

It is essential in the interests of securing mutual trust that the results of this dialogue be evaluated in accordance with the demands of the new political thinking. Not by how many times the same clichéd positions and arguments are repeated but by the elements of mutual understanding which it has been possible to ascertain and the islets of accord which emerge from the sea of distrust and disagreements.

III

Trust should be strengthened simultaneously in two aspects: broadly, a policy of trust, and narrowly, specific confidence-building and security measures. Both understandings are applicable to all spheres of interstate dealings.

It is perfectly natural that the **military sphere** occupies a special place owing to its significance and capacity for directly influencing the atmosphere and level of security. While attaching priority to steps geared to disarmament we are far from downplaying the significance of concerted specific confidence-building and security measures, which could themselves contribute to an easing of the military confrontation, stabilization of the international situation and the creation of conditions conducive to practical actions in the disarmament sphere.

At the same time we should not succumb to illusions and attempt to see these measures as something more than they in fact are—steps accompanying disarmament. The most authoritative specialists, including government experts appointed by the UN secretary general in fulfillment of General Assembly Resolution 34/87B, warn against such an approach. The “all-embracing study” which they prepared points out plainly: “Confidence-building measures cannot substitute for measures directly geared to a limitation of and reduction in military potentials. An incorrect understanding of confidence-building measures as a substitute for measures in the disarmament sphere would not only lead to an overestimation of their positive potential but could create a danger of their being used as an excuse for a renunciation of genuine progress in the sphere of arms control and disarmament or even for legitimization of a continuing arms race”.

This is why the USSR supports the coordination of both large-scale disarmament actions creating the foundation for mutual understanding and security and specific confidence-building measures serving to remove an incorrect understanding of military activity, which could evoke suspicion in the opposite side.

Confidence-building measures could have a particularly big effect and benefit, we believe, when it comes to the mutual relations of states with significant military potential and belonging to different military groupings. This applies primarily to the nuclear powers and the two alliances—NATO and the Warsaw Pact.

Hardly anyone would take issue with the fact that trust may be based only on verifiable knowledge. It would be naive to take offense if statements concerning an absence of aggressive intent are not taken on trust.

The Soviet Union presented in May 1987 together with its Warsaw Pact allies a far-reaching initiative. It is a question of consultations with NATO for the purpose of comparing military doctrines of the two alliances, an analysis of the nature thereof and joint study of the directions of their further evolution in order to dispel the

mutual suspicion and distrust which have built up over the years, arrive at a better understanding of one another's intentions and ensure that the military concepts and doctrines of the military blocs and their participants be based on defensive principles. The current imbalances and asymmetry in respect of individual types of arms and armed forces and a search for ways to remove them based on a reduction on the side which was in the lead, on the understanding that such reductions would lead to the establishment of increasingly low levels, could be a subject of the consultations also.

Thus a serious confidence-building measure aimed at giving assurances of the sincerity of our intentions and at us, for our part, being given arguments in support of the sincerity of NATO's intentions was essentially proposed.

Trust may be built both on the limitation and elimination of arms and on the alternative to armed confrontation—peaceful mutually profitable cooperation. It is our profound conviction that there are no spheres of the military use of science and technology in which practicable peaceful alternatives do not exist. The advantages and benefits for all of the peaceful development of science and technology on the paths of cooperation have been proven already by available experience, the IAEA, for example.

The USSR has put forward for study by the international community the idea of the establishment of a world space organization, which would undertake the implementation of large-scale international projects of the conquest of space for peaceful purposes. Our country has proposed the creation of an international space center for joint research and the development of models of space technology—with the participation of the developing countries and in their interests.

The conclusion of a convention on the banning, under the strictest supervision, of chemical weapons—and we advocate that this take place in the current year—would afford broad scope for international interaction in the field of chemical industry.

Peaceful alternatives make it possible to broaden knowledge of one another, knowledge of plans and intentions, and, consequently, to build confidence and overcome the “enemy mentality”. Embarking upon this path means attempting to transform the negative interdependence based on the arms race, suspicion and distrust of the opponent's policy which exists in the world currently into interdependence of a constructive nature, when the peaceful achievements of each are of benefit to all and when nobody profits from the lagging of another.

In the **political sphere** the settlement and then the prevention of crisis situations and conflicts pertain among the priority goals of confidence-building measures primarily. States should examine any, even the

modest, possibility of the elaboration and implementation of the corresponding specific measures. It is necessary to endeavor to ensure here that the attempts to formulate confidence-building measures be made not only in periods of a propitious international situation but also—and particularly—under conditions of aggravation and crises, when the coordination of such steps, for example, as the establishment of a line of direct communication, troop disengagement, the commitment of observers and so forth could have a stabilizing impact and contribute to a suspension of and the subsequent settlement of the dispute or conflict. The Soviet Union attaches particular significance to unswerving compliance with the principle of the inviolability of borders and a renunciation of territorial claims, which is at the basis of confidential, truly good-neighbor relations between countries.

We are fully aware of the difficulties of this task, but without decisive, bold and innovative actions people will be condemned to the role of silent witnesses to the perpetuation of many crisis situations and centers of tension.

Ever increasing significance and seriousness has come to be attached recently to the problem of securing trust in **international economic relations**. There is an urgent need for the elaboration and realization of new principles of such dealings which would secure for each country and the international community as a whole opportunities for stable, dependable, predictable and equal development given a readiness for partnership and unification of efforts in the solution of both global and interstate economic problems. Each country's knowledge of the partner's decision-making mechanism and his economic and political goals and available potential for their realization is equally necessary. This should impart a new qualitative dimension to trust.

The Soviet Union has embarked on the active refinement of its economic mechanism and a fundamental restructuring of management and methods of exercising foreign economic relations. An important direction is the USSR's increasingly active incorporation in the international division of labor, the creation of the conditions for the dependable and mutually profitable cooperation of all states and the increased "openness" of the sphere of foreign economic relations. Within the framework of this restructuring many large industrial enterprises have acquired the right of direct outlet onto foreign markets. Legislation has been enacted simultaneously on the procedure of the creation and the activity on USSR territory of joint ventures with the participation of firms of capitalist and developing countries. The Soviet Union intends extending its participation in the activity of international economic organizations.

Trust presupposes states' joint bilateral and multilateral efforts to tackle **ecological problems**. Protection of the environment and the rational use of natural resources is an international concern common to all mankind, in the

process of which experience and knowledge are mutually enriched and the sense of community of all states and peoples living on our planet is reinforced. The recommendations of the World Environment Commission (the so-called G. Brundtland Commission, named after the present Norwegian prime minister), specifically, the proposal concerning the elaboration of a declaration and subsequently an all-embracing convention on the environment and stable development, represent a sound platform for practical action.

The building of confidence everywhere has to have such an important aspect of international relations as cooperation on **humanitarian issues** encompassing contacts between nations and people, the development of exchanges in the sphere of information, culture and education and realization of basic human rights and liberties. It is essential to conduct a comprehensive discussion of such questions oriented toward a practical result.

The most suitable forum for this would be a conference of representatives of the participants in the Conference on Security and Cooperation in Europe for the development of humanitarian cooperation. The Soviet Union proposes making the basis of its agenda the concept of the "human dimension" of the Helsinki process, which together with human rights in their totality and indivisibility incorporates contacts between people, establishments and organizations, including contacts based on family ties and travel for personal and professional reasons and cooperation and exchanges in the sphere of information, culture and education.

The new political thinking insistently demands a renunciation of a policy which directly or indirectly contributes to the inculcation of a feeling of fear and hostility toward other states and peoples. It is necessary not only to emphatically break with the vicious practice of spreading disinformation about other states' domestic and foreign policy and the artificial cultivation of outmoded cliches but primarily to foster a culture of information, on which the molding of one another's perception of peoples directly depends.

In order for contacts between states and peoples to be really constructive and useful it is not propaganda attacks on one another but a respectful approach to a partner's beliefs and candid discussion with him which are needed.

IV

The idea of confidence-building in interstate relations is being implemented for the first time in Europe. And this is perfectly natural. History itself and the close interweaving of the economic, cultural and historical relations of its peoples dictate the need for the establishment of relations of trust and security.

The Final Act adopted in Helsinki as a result of the All-European Conference raised the question of the need for a switching of the problem of security and trust to the tracks of practical solution. The 10-year-plus experience of the realization of its provisions has demonstrated the particular significance of confidence-building measures precisely in Europe, where the two most powerful military-political alliances confront one another. Practice has confirmed that the confidence-building measures which were incorporated in the Final Act, although of a limited, symbolic nature from the military viewpoint, have nonetheless contributed to a strengthening of trust, an easing of military tension and a stabilization of the situation.

The Soviet approach to the Helsinki accords on questions of military detente has always been based on undeviating observance thereof. In accordance with the Final Act, the USSR has given notification of large-scale army exercises and invited foreign military observers to a number of them (all told, the Warsaw Pact states have given notification of 30 exercises, to 9 of which observers were invited). The Soviet Union's decision to consent to a considerable expansion of the zone of application of the confidence-building measures (having extended it to the entire European part thereof) imparted a truly all-embracing nature to the all-European process and afforded new possibilities.

Further progress should be based on states' will and readiness to qualitatively upgrade the confidence-building measures. The USSR proposes the negotiation of no first use of either nuclear or conventional arms and, consequently, the nonuse against one another of military force in general, which would contribute to an abrupt change in states' policy away from confrontation toward peaceful cooperation.

In sharp contrast against this background is the concept of confidence-building measures to which the United States and a number of other NATO countries adhere. The main emphasis therein is put not on a lowering of the level of military confrontation but on the preservation of military activity, as a minimum, at the present level. Particular concern is caused by the reluctance of our Western partners to consent to any measures whatever limiting or, at least, delaying large-scale military exercises bordering at times in terms of their scale the deployment of forces on the threshold of the start of a war. Instead of practicable measures to limit military activity, so-called "transparency," by which NATO implies merely an exchange of information on military activity as a counterweight to measures to reduce or limit the latter, is proposed. Thus as distinct from openness designed to promote the success of the disarmament negotiations, "transparency" is aimed essentially at legalizing the arms race.

As glasnost becomes firmly established as a key component of Soviet policy, one increasingly has the impression that the West's devotion to "transparency" is the

same bluff as formerly concerning the problem of verification. The Soviet Union had only to take up an active position on verification issues for it to transpire that this problem had been used by the opponents of disarmament merely as a threadbare curtain in the hope that the USSR would, for all that, not agree to verification. The most striking example was the question of a ban on nuclear testing. After the problem of verification had essentially been completely removed here, the United States, which had for decades alluded to it as the last obstacle to a suspension of nuclear weapon tests, was forced to frankly acknowledge that it was not prepared to halt explosions owing to its devotion to "nuclear deterrence".

As if the opponents of disarmament are not now in the same position on the question of openness! There are already examples. For the Western side is avoiding giving notice of independent exercises of its navy and air force in Europe. It turns out that of the three areas, openness is acceptable to the United States only on land but not in the air and at sea.

In the proposals of the socialist countries verification, trust and glasnost are viewed in organic unity. Thus putting forward a program of a reduction in armed forces and conventional arms in Europe, they propose together with measures for verifying the actual reduction process the establishment of observation of the military activity of the forces remaining following the reduction. In addition, to exercise the supervision the sides would exchange at an agreed time numerical data on the total numbers of ground forces and tactical attack aircraft in the zone of the reduction and separately on the part thereof to be reduced and that which would remain following the reduction. For verification purposes an international consultative commission would be established whose representatives would, where necessary, be enlisted in on-site inspection of the reduction in armed forces and the scrapping and warehousing of arms, by way of the creation of monitoring posts at major railroad terminals and airfields and in ports.

Separating confidence-building and verification measures from disarmament efforts characteristic of the NATO position is contrary to an integral solution of the problem of general confidence-building. The above-mentioned study of UN experts emphasizes: "An atmosphere of international trust cannot be secured only with the aid of the creation of military trust".

Nonetheless, there is a growing concentration of fresh ideas and proposals in the all-European dialogue. In literally 1 year it has been enriched extraordinarily both in terms of content and in form. The difficult negotiations in Stockholm, which lasted more than 2.5 years, culminated in the adoption of a substantive document. The Stockholm accords are the materialized principle of

trust and the new political thinking in action. Stockholm proved that even in a complex atmosphere it is possible to come to agreement on security issues if there is the political will and desire.

The states which adopted by consensus the summary document of the Stockholm meeting confirmed the permanency of the principle of the nonuse or threat of force in international relations and thereby laid the political foundation for the adoption of militarily significant confidence-building and security measures designed to prevent a misunderstanding or misinterpretation of the sides' military activity and intentions and, as a result, the outbreak of military conflicts. Mutual concessions at the negotiations made it possible to elaborate a qualitatively new system of measures of the notification and observance of military exercises, including troop movements and transfers both within Europe and into it and out of it.

The confidence-building and security measures agreed in Stockholm, which took effect on 1 January 1987, are now undergoing the test of practice. Naturally, not that much time has elapsed for any exhaustive conclusions to be drawn. However, certain trends are cautionary. Whereas the Warsaw Pact states presented within the precisely determined timeframe and strictly in accordance with the agreed form the annual plans for military activity in 1987 of which notice has to be given, which incorporate a total of 25 exercises (contemplating the invitation of foreign observers to 9 of them), the United States and Norway were late in doing this, while Canada, Portugal and Italy failed altogether to present to other states either plans or notice that they would not be performing such activity in 1987.

To speak plainly, curious information was received in the prior notification of the Cold Winter-87 joint exercise of forces of Great Britain and Norway. Inasmuch as the areas of certain stages of the exercise did not coincide with the general area of the exercise and the coordinates of a troop embarkation point were erroneous it transpired that the troops participating in the exercise were operating on the territory of neutral Sweden. Another eloquent example: a large-scale exercise of the U.S. 5th Army Corps codenamed Caravan Guard was conducted in the FRG at the end of January 1987. Taking refuge in a formal reason, the American side not only did not invite observers to this exercise but provided no one with any advance notice of it even.

Czechoslovakia also had the formal right not to give notice of an exercise of its troops ahead of 42 days. But, guided by the spirit of the Stockholm summary document and displaying a sincere aspiration to a strengthening of trust and security in Europe, the CSSR included this exercise in the plan of notifiable military activity and informed all participants in the All-European Conference of it ahead of time in the established procedure.

Time does not wait, and the imperatives of European security are confronting us with new, even more far-reaching tasks. The accords achieved at the initial stage of the Stockholm Conference orient us toward transition to an integral system which would encompass confidence-building, security and disarmament measures. At its next stage the negotiations on disarmament issues could be conducted in parallel with the elaboration of the confidence-building measures on which accord was not reached earlier or which could be advanced in the future, including a gradual reduction in military activity, particularly of the two military alliances, notification of independent exercises of air and naval forces, the envelopment of the territory of all participants in the All-European Conference by confidence-building measures and also other confidence-building and security measures. The by nature new measures of trust and military-strategic stability in Europe directly connected with a reduction in armed forces, conventional arms and military spending, which would facilitate the achievement of the corresponding accords and lead to the establishment of military balance at the lowest possible level, could be a subject of study simultaneously.

It is important, we believe, in lowering the level of military confrontation to implement measures which make it possible to lessen and, even better, preclude altogether the possibility of surprise attack. It is necessary to remove from the zone of contact the most dangerous, offensive types of arms. It is essential to dispel the mutual suspicion and distrust which have built up over the years and thoroughly look into one another's concerns.

V

In paving the way for trust on the European continent other regions cannot be forgotten either. The all-European process could be a kind of reference point of movement toward trust and mutual understanding on other continents and proof of the possibility of the surmounting of suspicion and tension in the relations of states and peoples. Of course, each region has its specific features and traditional forms of mutual relations. The European experience cannot be a standard for all regions. It is by no means necessary or even advisable, evidently, to attempt to follow the European example in all things. We may speak rather of competition and a kind of race for peace, with full regard for the distinctiveness of the conditions in each region.

Positive trends are now gaining momentum in the Asia-Pacific region. The states of the South Pacific Forum formulated the Rarotonga Treaty. Australia and New Zealand are increasingly emphatically opposed to the conversion of islands of the Pacific into a nuclear testing ground. Indonesia is actively promoting the concept of a nuclear-free zone in Southeast Asia. The Philippines and certain other states have made antinuclear provisions constitutional rules, having incorporated them in their basic laws. Voices in support of the deliverance of the

Korean peninsula from nuclear weapons are being heard increasingly loudly. The public of the region is on the move also: entire communities and cities are declaring themselves nuclear-free zones.

A new page in the development of interstate relations was opened by the Delhi Declaration signed by the leaders of the USSR and India on the principles of a nonviolent world free of nuclear weapons. It expressed the new political-philosophical approach to fundamental problems of international intercourse.

The Soviet Union, as an Asian and Pacific power, consistently advocates confidence-building in this region. A program of practical action in this direction was formulated in the speech of M.S. Gorbachev, general secretary of the CPSU Central Committee, on 28 July 1986 in Vladivostok. The platform of confidence-building measures with reference to the Asia-Pacific area was further developed in his interview with the Indonesian newspaper *Merdeka* in July 1987.

The Soviet proposals pertaining to confidence-building measures in the region, as, equally, the ideas being expressed by other countries located here, represent sound building material for the erection of the edifice of a secure, stable world. The activity of Asian states could be merged with the activity of European countries in the consolidation of the foundations of peace on their continent in a single Euro-Asian process, which would impart powerful impetus to the efforts pertaining to the creation of an all-embracing system of international peace and security.

In his speech in Murmansk on 1 October 1987 the general secretary of the CPSU Central Committee proposed the extension of confidence-building measures to the seas adjacent to North Europe. These could include accords on a limitation of rivalry in ASW weapons, notification of large-scale naval and air exercises and the invitation to such exercises of the observers of all participants in the European process. This could be a first step toward the extension of confidence-building measures to the whole of the Arctic and northern areas in both hemispheres.

There is also confidence-building potential in other regions of the world. The main thing is the elimination of centers of tension preventing a calm and sober assessment of the situation, the charting of prospects and the study of the possibilities of reciprocal steps.

The political and moral heart of the problem of disarmament and cooperation, M.S. Gorbachev emphasizes, "is peoples' and states' trust in one another and respect for international agreements and institutions. And we are ready to switch from confidence-building measures in individual spheres to a large-scale policy of trust, which would gradually shape a system of all-embracing security" (1).

The social forces actively supporting the elimination of the nuclear threat, disarmament and cooperation are setting an example of fruitful quest for principles and approaches based on the new thinking and the achievement of trust and mutual understanding. This truly worldwide movement is becoming an important factor of international life and acquiring its own political role. Differences in philosophical and political convictions and religious beliefs are not an obstacle to trust when it is a question of the salvation of mankind.

This trend was manifested particularly forcefully at the Moscow forum "For a Nuclear-Free World, for the Survival of Mankind," at which a promising and noble, we believe, idea was expressed—the creation of a Survival of Mankind Foundation. Candid discussion of questions of preventing nuclear war could be conducted within the framework of this institution. The foundation could encourage research into pressing problems of international life and contribute to the elaboration of projects for the solution of global problems of mankind.

The critical moment for breaking through the thickets of mistrust and for establishing mutual understanding has now arrived. Time is becoming a decisive factor. And it can no longer be wasted on attempts to outdo one another and achieve unilateral advantages. The stakes in such a game are too high—the survival of mankind. For this reason it is necessary to act decisively and without delay. Otherwise we will become, as the ancient Greeks said, "chronophages"—beings devouring their own time and, consequently, their life.

Footnote

1. *Pravda*, 17 September 1987.

COPYRIGHT: Izdatelstvo TsK KPSS "Pravda". "Mirovaya ekonomika i mezhdunarodnyye otnosheniya", 1987.

Foreign Trade Ties Important to CEMA
18160003c Moscow MIROVAYA EKONOMIKA I
MEZHDUNARODNYYE OTNOSHENIYA in Russian
No 11, Nov 87 (signed to press 14 Oct 87) pp 27-36

[Article by Yu. Shiryayev: "The CEMA Countries: Constructive Approach to Problems of the Development of World-Economic Relations"]

[Text] The elaboration of the set of measures aimed at realization of the new concept of the international socialist division of labor and the qualitative transformation of CEMA activity organically incorporates a search for the optimum ways of an improvement in international economic relations as a whole, their dynamization and the use of new forms of cooperation with all partners prepared to move toward equal and mutually profitable contacts with the socialist community countries.

The realistic and constructive policy of the CEMA countries in the international arena proceeds from a profound recognition of the fact that, despite the complexity, diversity and contradictoriness of the modern world, it is objectively becoming increasingly interconnected and integral. The socialist community, as an integral part of the world economy, has an interest in a normalization of world-economic relations and their restructuring on genuinely equal and democratic principles and in mutually profitable cooperation corresponding to the true interests of the whole international community.

It is understandable that the achievement of these goals is no simple task. Its accomplishment depends not only on the particular efforts of the CEMA countries themselves (removal of deformations in the export structure, a sharp rise in product competitiveness, restructuring of the mechanism of the management of external relations and so forth) but also on a surmounting of the numerous barriers impeding the normal "exchange of matter" in the world economy.

I

The quantitative and qualitative parameters of the CEMA countries' foreign economic relations have for a long time been increasingly at odds with the development of their production and, particularly, S&T potential. This has been expressed in the extremely inadequate realization of accumulated potential in foreign trade. For example, per capita exports in the CEMA countries in 1986 were almost 4.5 times less than in the EC states. Supplies of fuel and raw material and agricultural commodities have predominated and continue to predominate in its commodity structure. The proportion of products of a high degree of processing, science-intensive particularly, is extremely low.

The specific-historical reasons for this situation are numerous. Attention among them should be called to the inadequate diversification of exports. Thus the dynamics of the USSR's foreign trade have been strictly dependent on the movement of world prices of a limited group of fuel and raw material commodities. When these prices have risen, there has been an increase in export proceeds, which has permitted an expansion of imports. As a result the rate of increase in foreign trade turnover presents a successful picture, as a whole. The increased currency earnings have "justified," as it were, the decline in exports in the proportion of products of a high degree of processing, of machine building primarily. The 26th CPSU Congress quotas for an increase in machinery and equipment exports were not met.

USSR Export Structure Per Basic Commodity Group (%)

	1980	1985
Total	100	100
including		
Machinery, equipment and means of transport	15.8	13.6
Fuel and electric power	46.9	52.8
Ores and concentrates, metals and products therefrom	8.8	7.5
Chemical products, fertilizer and rubber	3.3	3.9
Lumber and pulp and paper products	4.1	3
Textile raw material and intermediate products	1.9	1.3
Food and gustatory commodities and raw material for their production	1.9	1.5
Consumer industrial commodities	2.5	2

Source: "USSR Foreign Trade in 1985," Moscow, 1986, p 18.

Now, when there has been an appreciable fall in the world prices of the majority of fuel and raw material commodities, the miscalculations have been manifested in an abrupt slowing of the growth of foreign trade. Whereas the average annual rate of increase thereof in the 1981-1985 five-year period as a whole constituted 8.5 percent (in current prices), in 1985 even this increase had declined to 1.3 percent. In 1986 foreign trade turnover diminished 8 percent. Although it increased 2 percent in constant prices, nor can this rate be deemed satisfactory inasmuch as it means a more than twofold lag in the dynamics of foreign trade behind the increase in national income and industrial output (1).

The ways to overcome the negative trends which had come to light were determined by the 27th CPSU Congress. The CPSU Program emphasizes: "In determining the prospects of the economy's development the CPSU proceeds from the need for an improvement in **foreign economic strategy** and fuller use of the possibilities and advantages of the mutually profitable international division of labor, primarily the advantages of socialist economic integration". This party intention is being put into practice.

The tasks of an improvement in the structure of production and exports are being tackled by the socialist countries on a collective basis, primarily in the course of realization of the Comprehensive Program of S&T Progress of the CEMA Countries up to the Year 2000, which was adopted at the end of 1985. For the community as a whole in 1986 the rate of development of machine building and metal working was 2 percent higher than that of all industry. The production of progressive equipment, including machining centers and machine tools with numerical programmed control, developed at a preferential pace. New equipment was introduced: means of automation, industrial robots, microprocessor technology and machine tools with numerical programmed control. The rate of increase in

the product of electrical engineering and electronics industry was more than double the rate for machine building as a whole. Approximately 400 final developments pertaining to problems of the Comprehensive Program will have been transferred to production in 1987 alone (2).

In undertaking the accelerated retooling of the national economy the CEMA countries are at the same time reinforcing the material-technical base which will enable them to make their economy increasingly "open" in respect of the world economy. Understandably, this "openness" is to be realized on the basis of concerted strategy. Two factors need to be taken into consideration primarily here.

The first is the concentration of the CEMA countries' efforts on the full and timely realization of the entire set of measures of the collective program of S&T progress. They see this as the way to consolidate their positions in the international division of labor and overcome the disproportions which have come about in this sphere. Only a retooling of the economy is capable of creating the necessary conditions for breaking decisively with the inauspicious trend of a "graded" fall in the proportion of technology-intensive products and engineering achievements in the structure of the CEMA countries' exports and ensuring the dynamic growth of export potential.

An important problem is the creation within the CEMA framework of essentially a new engineering services market. It is necessary to quickly solve the economic and organizational questions connected with the efficient functioning of this market. Its organization in accordance with the priorities of the Comprehensive Program will make it possible to create the necessary system of engineering support for the national S&T development programs and integration measures.

An upgrading of the conditions of exchange on the technology and engineering services market within the CEMA framework is connected with the accomplishment also of a number of complex organizational and managerial tasks. They include the creation of a common patenting (including computer software) system; an expansion of contractual forms of relations in the field of the exchange of technology and engineering services at enterprise level; the establishment of specialized international technology centers.

Realization of the collective measures to enhance the technical level of production and modernization of the export structure will not only turn the CEMA countries in the immediate future into more active and competitive exporters. All these measures will appreciably broaden the opportunities for imports as a result of a further increase in the capacity of domestic markets.

The second factor is connected with the need to overcome the trend toward the monopolization of the international new equipment and technology market by the

developed capitalist states. Their monopoly position on this market today is manifested more visibly than on the commodity market. It is sufficient to observe that the seven-eight leading capitalist countries account for approximately four-fifths of the sales of "operating" (embodied in equipment) technology and nine-tenths of world license exports.

It is a question of the existence of a kind of technological "supermonopoly," which the West is attempting to hold onto in every way. This "supermonopoly" cannot, naturally, be overcome by a simple expansion of imports of equipment, even if at the given moment modern, licenses and other engineering services. As the purchased equipment and technology "ages," the need for recurrent appeals to their same exporters will constantly arise. As practice shows, such appeals prove far more costly than the original ones. A kind of closed circle inevitably arises, and technological dependence could grow into technological vulnerability inasmuch as any severance of evolved contacts would lead to the depreciation of the purchased innovations and the technical-economic lagging of the enterprises and industries using them. Nor does a renunciation of equipment and technology imports guarantee against technical-economic vulnerability inasmuch as the lagging of domestic production means low competitiveness on foreign markets.

Therefore when questions of technical-economic invulnerability and the substitution for imports of intrinsic production are discussed within the CEMA framework, this by no means signifies an aspiration to renounce the use of the advantages of the world division of labor. It is a question of the renunciation of irrational imports, which do not promote an acceleration of socioeconomic development, and also imports which could be (and have been repeatedly in practice) the subject of a variety of political speculations, discriminatory restrictions and prohibitions.

The way out of the situation amounts to a consolidation of national technology positions on the world market and transition to a balanced and mutually profitable exchange of new equipment and technology. A most important prerequisite of such an approach is the consistent use of the S&T potential of the socialist community for the production of "operating" technology—the latest equipment, machinery systems and so forth.

The prerequisites for this are to hand. Thus, according to information of the World Intellectual Property Organization, the USSR is ahead of the United States by a factor of more than 2 and ahead of Japan by a factor of almost 2 in terms of the number of inventions registered annually (approximately 80,000 a year). Western firms cannot ignore this fact. The benefits from technological cooperation with the Soviet Union are tangible even for the most developed Western countries. Use of the new forms of cooperation with Western firms, including the amalgamation of resources for the assimilation and

output-determination of new equipment and engineering processes, for the upgrading by joint efforts of individual types of progressive equipment could contribute to mutually profitable technological exchange.

For example, agreements were signed in June 1987 on the creation on USSR territory of the "Petrokam" Soviet-West German enterprise in Nizhnekamsk for the production of high-grade chemical products with the supply of a substantial portion thereof for export and also the Soviet-Japanese "Igirma-Tairiku" Soviet-Japanese enterprise (Irkutsk Oblast), which will produce lumber. Dozens of such projects are at the development stage.

The sectors of industry in which the close production cooperation of the USSR and India will be practiced have been outlined. These are oil refining, electronics, power machinery construction, metallurgy and biotechnology. Indian firms have proposed to their Soviet partners approximately 20 specific projects connected with the manufacture of medicines and consumer goods, including footwear and clothing. Cooperation in respect of 500-600 joint production facilities and in technology transfer is contemplated altogether in the years ahead.

The CEMA countries are pursuing an active policy of an improvement in international economic relations and the removal of the barriers without which the East-West trade volume could today even be many times in excess of that which has actually been achieved. They advocate the exclusion of "forced competition" in the sphere of military engineering and the competition of the two systems being put at the service of the solution of the urgent socioeconomic problems of the international community. It is in this key that the USSR and the other CEMA countries are approaching the problems of disarmament in the interests of development which are under discussion.

The CEMA countries advocate the conclusion of an agreement with the EC regulating the mutual relations of the two major integration groupings. Despite the fundamental differences in the socioeconomic principles of West European and socialist integration, such an agreement could contribute to an expansion of all-European cooperation and make a constructive contribution to the development of normal economic relations. It should be noted that while perfecting mutual cooperation the fraternal countries do not regard its mechanism as something frozen. In this connection they are attentively studying, in particular, the results and "technology" of West European integration.

Of course, there have always been and continue to be forces in the capitalist world which would like to economically and technologically isolate the socialist countries and sharply limit their participation in international exchange. But this intention is practically unfeasible in respect of a group of states disposing of one-third of world industrial and S&T potential.

Technical innovations corresponding to the most modern requirements are being created in numerous research laboratories and institutes of the CEMA countries. Thus American firms have purchased Soviet licenses for the underground gasification of coal, aluminum casting in an electrostatic field and so forth. In the period 1981-1985 the USSR sold the United States three times more licenses than it purchased from it. The close attention of Western firms is attracted by the achievements of the USSR and other CEMA countries in such fields as ferrous and nonferrous metallurgy, pharmaceutical industry, polymer chemistry, optics and many others. A unique discovery in the field of polymers in Czechoslovakia served as the basis of the development of flexible lens production technology.

The Bulgarian vacuum stamping technology and the Romanian pharmaceutical preparation gero vital are highly popular in the West. Various capitalist states are employing the spindle-less spinning method, which is the result of the joint labor of Soviet and Czechoslovak specialists, and so forth.

As the Western press observes, a number of current engineering processes at American enterprises is of Soviet origin. It is pointed out, inter alia, that the track of the Washington Metro was welded with the aid of unique equipment from the USSR, that American physicians stitch up patients who have undergone operations with surgical "guns" made under Soviet license and that by 1990 three-fourths of all metal in the United States will be smelted per the Soviet continuous steel-teeming technology. Among the purchasers of Soviet licenses are such well-known American firms as McDermott, Bristol-Myers, American Home Products, Dupont and many others.

Numerous types of computers made in Hungary, the GDR, the Soviet Union and the other CEMA countries stand comparison with the best world models. Besides dozens of types of computers, the socialist community countries sell on the world market 800 types of integrating circuits and other electronic components. They go to Belgium, France, Finland and other industrially developed capitalist states.

Many of the computers manufactured in the CEMA countries are of a high technical standard. Of course, it would be unwise to deny the achievements in the electronics sphere of the United States and Japan. At the same time, however, it is wrong to believe that the socialist states' progress in this sphere depends exclusively on Western technology.

Industrial cooperation within the CEMA framework concerning the production of large integrating circuits, microprocessors, on-line memory and other electronic components is based on the use of the latest scientific achievements. It is not fortuitous that the National Research Council, a branch of the U.S. Academy of

Sciences, persistently recommends that American scientists attentively follow the development of computer theory in the USSR and other socialist countries.

II

When resolving problems connected with an expansion of the socialist countries' effective participation in the world division of labor it is essential to realistically evaluate the situation in the world economy and abandon the evolved cliched thinking which is still current in economic theory and practice. This includes a one-sided and, consequently, incomplete, distorted consideration of this situation.

Such one-sidedness has been manifested in various forms. On the one hand it has been tacitly implied at the time of preparation of a number of projects and programs that it is possible, in the main, to secure the progress of all branches and industries at the highest world level within the framework merely of one sector of the world economy (the economic complex of the CEMA countries). Given this initial premise, ties to third countries have naturally been assigned a secondary, complementary role: to satisfy some unimportant proportion of the community's aggregate requirements without affecting the basic proportions of production and consumption. The groundlessness of such an approach has been refuted [as published] not only by the theory but also the practice of international cooperation, particularly in the field of S&T exchange (3).

The other "version" of one-sidedness has consisted of attempts to substantiate the need for the solution as fully as possible of the socialist countries' mutual economic relations in world-economic relations. The world capitalist market has been interpreted in idealized manner here, without regard for who exercises its strict monopoly regulation and in whose interests. The high degree of monopolization of this market is a well-known fact. Thus by the start of the 1980's the TNC controlled approximately 80 percent of the technology developments, 40 percent of industrial production and 60 percent of the foreign trade of the capitalist world. If the firms connected with them are further added, TNC control, according to available estimates, extends to four-fifths of trade (4).

The monopolies' struggle for domination on the world market "is programmed primarily by the development of technical progress. As products are technologically upgraded, their competition on the world market intensifies continuously. The sharp growth in spending on research and the need to employ economical production methods require the manufacture of product volumes considerably in excess of the capacity of national markets.... With capacity for the production of 2.2 million photocopiers, Japanese industry alone may at full load satisfy total world demand and more. VCR and microchip business is of the same global nature" (5).

Corporations' economic interests inevitably have a considerable impact on capitalist states' policy. The influence of the monopolies, particularly those connected with the military-industrial complex, is a principal reason why the militarization of the political and economic thinking even of the ruling circles of Western countries, particularly the United States, is still counterposed to the new thinking in the nuclear age. The former thinking is built on an adherence to the cliches of confrontation and the cultivation of power methods. It is inseparably connected with securing for the monopolies of the military-industrial complex astronomical profits as a result of the militarization of the national economy and the global redistribution of resources. The struggle between the creative, realistic approach and the conservative approach still lagging behind the process of profound changes in international life will ultimately determine the actual situation in world-economic relations.

The apologists for imperialist reaction are exerting much effort to impart a "theoretical" foundation to confrontational approaches in respect of the socialist countries. They are carrying out, inter alia, a perfectly apparent social assignment: consolidating in the mass consciousness ideas concerning the superiority of the capitalist system and technological chauvinism and isolating the representatives of business circles and the social forces which are unwilling to reconcile themselves to the cliched thinking being foisted on them.

A customary cliché employed by certain Western authors with reference to an evaluation of the role of the CEMA countries in the world economy is the proposition concerning their aspiration to collective autarky. It serves in fact as a cover for the policy of the artificial imposition on the community of autarky by way of the use of an extensive set of protectionist barriers and import restrictions and the expansion of a variety of prohibitive commodity lists.

The long historical experience of attempts to employ direct blockade, the imposition of embargoes and so forth shows that it is imperialist reaction which has endeavored to isolate world socialism and force the socialist countries to solve the maximum number of problems of their economic and S&T development (including problems not of a strategic nature) with their own resources. The events of recent months, which may be characterized as the "Toshiba syndrome," the playing up to the utmost by official circles of the United States and a number of other Western states of the so-called "smuggling" by the Japanese and, subsequently, by the Norwegians of defense technology to the USSR, are a highly indicative sample of such policy (6).

For this reason it is important when realizing the long-term strategy of the CEMA countries' development to approach questions of the "outside environment" and a

consideration of the possibilities and prospects of participation in the worldwide division of labor from comprehensively considered positions, avoiding both unwarranted skepticism and manifestations of "economic romanticism".

A constructive consideration of the worldwide division of labor incorporates two components—active, offensive and "defensive" (I refer to trends and phenomena to which it is essential to counterpose a set of concerted measures of a strategic and operational nature).

For example, it is sometimes tacitly implied that by having developed to a sufficient extent the "following instinct" it is possible to at least not increase the distance separating the quality parameters (engineering level of reciprocally supplied products, proportion of science-intensive products in total supplies and so forth) of the reciprocal division of labor from the worldwide division and, if possible, reduce it. By adopting such a position we would be forgoing in advance use of the potential advantages of the new type of international division of labor and their creative and active ascertainment and application.

The rational consideration of the world-economic situation presupposes, first, a careful study of the objective processes occurring in the system of the social division of labor and a search for methods of reacting to these processes adequate to socialism. Thus disregard for the increasingly complex structure of social production and use of the traditional "binary" approach thereto (subdivisions I and II, "A" and "B" sector groups) could lead to the preservation of an inflexible and conservative structure of a reciprocal exchange of activity whereby the components "falling" from it become the predominant object of cooperation with third countries.

The second condition of a constructive consideration of the world-economic situation is the collective choice of the directions of a breakthrough onto the world market and the winning and retention thereon of firm export positions in respect of a number of modern types of goods and services. A most important goal of the practical realization of concerted S&T concepts is the surmounting of the technological barrier on the world market. For this reason it is important not only to clearly determine priorities from the viewpoint of satisfaction of particular needs for modern goods and services but also to pursue a definite selective policy, selecting the most likely points of a breakthrough onto high-technology product markets. It is to this, strictly speaking, that the Comprehensive Program of CEMA's S&T Progress is oriented in the foreign plane. Simultaneously the coordination of important policy requires the most serious attention also.

Given insufficient coordination of CEMA states' activity on the markets of third countries, the unconnected and vari-directional contacts with them objectively become

an element of the mechanism hampering the development of the international socialist division of labor. The big debt accumulated by a number of fraternal countries has prompted them to give preference to foreign economic transactions which have enabled them to earn convertible currency, which is necessary to service the debt. As a result many types of goods sorely needed by the community partners have been taken away from the international CEMA market.

To this should be added the negative impact of uncoordinated purchases of equipment and licenses from various Western firms. As a result a secondary (imported) parallelism connected with purchases of equipment and licenses to satisfy identical social requirements has arisen. Besides the scattering of resources, this has engendered a more substantial problem. Operating on heterogeneous equipment, some sectors and industries in the fraternal countries have parted from one another appreciably in terms of their technological concepts. This, in turn, has created additional obstacles to the organization of the mutually profitable cooperation and specialization of production.

The third condition is consideration of the weak points in the economic policy of the developed capitalist states. Together with the competition of the power centers and contradictions between North and South it is essential to also consider a number of new long-term trends. Specifically, the economy of capitalist countries has for a long time been characterized by very low investment activity (of the order of a 1.2 percent annual increase in the period 1973-1985 on average). As a result the demand for investment commodities and services has begun to shed its role of stimulator and source of economic growth. Under these conditions the socialist community has a real opportunity to convincingly demonstrate a greater capacity than capitalism for the accumulation of investment resources (given a sufficiently rapid increase in the efficiency of their use, naturally).

Measures aimed against an outflow of resources into nonproductive (from the viewpoint of ultimate social requirements) purposes merit particular attention, we believe. Defense of the capacity for ensuring a high norm of accumulation for socioeconomic development incorporates struggle for a reduction in arms spending and for a transition from confrontation to broad mutually profitable cooperation. It also presupposes counteraction of the tactics of the new usurious capital of Western countries aimed at eroding resources by way of an increase in the amount of the resources which go on debt-servicing.

The difference formed as a result of the manifold exceeding of the amount of the basic debt by the sum totals of interest payments is leading to a widening of the scissors between national income produced and the amount spent on consumption and accumulation and, consequently, to a progressive diminution in the investment

possibilities of the debtor countries. If the current situation continues, the debt factor could be for a number of states a long-term inhibitor of rational economic growth and source of tension in their socioeconomic development.

A high capacity for accumulation represents, as historical experience shows, a fundamental advantage of socialism. A high rate of economic growth and the retooling of the national economy and social progress are connected with its use. It predetermines also the possibility of effective counteraction on a collective basis of the tactics of the new usurious capital.

Further, there has been in the present-day capitalist economy a precise division of sectors and types of activity into progressive and regressive. The developed capitalist countries are endeavoring to "dump" the regressive sectors on the developing states, where competitiveness may be ensured thanks to the sharply reduced expenditure on wages.

However, this "dumping" is leading to the appearance of additional contradictions. On the one hand the cutback in or complete liquidation even of the traditional industries is engendering acute social conflicts in the Western countries, predetermining the need to maintain an army of unemployed, which is constantly being reinforced, and so forth. On the other, the means of social defense of the regressive industries employed in these countries and the problems connected with the strain on the balance of payments are turning these industries into the objects of bitter trade wars and predetermining the use of diverse protectionist barriers.

As a result additional elements of instability in the system of the international capitalist division of labor are emerging, given the simultaneous increase in the degree of risk for the countries engaged in the dismantling of sectors which are traditional, but still vitally important for the economy. If this process continues per the pattern that has taken shape, the appearance in the world capitalist economy of new cartels of developing countries (ferrous metal producers, for example) cannot be ruled out in the future.

The socialist community is also encountering the problem of gaps between the economic indicators of the new and traditional industries. However, the fact that it is not "dumping" a number of traditional industries on other countries to any significant extent will complicate the position of the socialist states in the short term, in the main. From the viewpoint of the long term the preservation of an integral reproduction structure is an advantage inasmuch as it reduces the zone of risk and makes it possible to take into consideration a possible reassessment of the relative role of various industries and new waves of increased demand for their products (the "renaissance" of the coal industry in the period of the energy crisis is justification for modeling such a situation). Ultimately all

this serves as a guarantee of realization of the normal process of reproduction under the changing conditions of the contemporary world economy.

Understandably, all the enumerated factors and conditions connected with an expansion of the CEMA countries' participation in mutually profitable world-economic relations need comprehensive specialized analysis. It is important to emphasize that consistent regard for these factors and conditions represents an inalienable component of the community's long-term strategy.

In laying the foundation of the technology of the 21st century the CEMA countries advocate the achievements of S&T progress being used in the interests of all mankind and the surmounting of the monopoly trends in this sphere, the most avowed spokesmen for which are corporations of the military-industrial complex. This position corresponds to the fundamental interests of the international community, the more so in that it is most closely linked with the socialist countries' consistent struggle for disarmament and detente. It is a struggle not only for the survival of mankind but also for a better life for it under the conditions of the rational use of all the planet's resources based on the unhindered development of the world division of labor free of all barriers and safeguarding the legitimate interests of all nations and communities.

Footnotes

1. See *Kommunist* No 4, 1987, pp 54-55.
2. See *Ekonomicheskoye sotrudnichestvo stran-chlenov SEV* No 7, 1987, pp 4-5.
3. "Movement beyond a local spatial framework is an essential condition of the consolidation and dissemination of the most efficient innovations, and S&T progress in general is unfeasible within narrow geographical boundaries," A. Anchishkin rightly observed (*A.I. Anchishkin, "Science, Technology, Economy,"* Moscow, 1986, p 37).
4. "Major Industrial and Commercial Monopolies". *Economico-Statistical Handbook*, Moscow, 1986, p 8; I.S. Korolev, "Currency Relations of Capitalism: Economy and Policy," Moscow, 1986, p 71.
5. Kh.O. Eglau, "Struggle of the Giants. Economic Rivalry of Europe, the United States and Japan," Moscow, 1986, p 39.
6. It is significant that the leader of Norway's Defense Ministry Research Institute observed that "quiet" propellers for submarines can be made without supermodern equipment. Screw propellers generally can be made by a file and chisel, it simply takes longer.

COPYRIGHT: Izdatelstvo TsK KPSS "Pravda".
"Mirovaya ekonomika i mezhdunarodnyye
otnosheniya", 1987.

Socialist Orientation's Basic Superiority Not Yet Displayed

18160003d Moscow MIROVAYA EKONOMIKA I
MEZHDUNARODNYYE OTNOSHENIYA in Russian
No 11, Nov 87 (signed to press 14 Oct 87) pp 48-62

[Article by R. Avakov: "The New Thinking and the
Problem of Study of the Developing Countries"]

[Text] *From the editors: We are aware in accommodating in the journal an article by R.M. Avakov, the well-known Soviet specialist on questions of the economics and politics of the developing countries, that one publication is not sufficient to encompass either all the in any way significant problems of the development of Asian, African and Latin American states or, even less, all possible approaches and positions in respect of the problems of this specific group of countries. At the same time we hope that it may serve as the basis for fruitful discussion in respect of the contentious, insufficiently developed questions of study of the "third world".*

Certain subjects of scientific research do not fit within the strict framework of "classical forms" of articles in the press. Among them, evidently, is the topic offered the readers. A different form of exposition is required—something like thoughts inviting discussion. Thoughts concerning the state of affairs in study of the developing countries and the "sore points" in this sphere of scientific quest, which are making their presence felt increasingly, and concerning the need to extend to the said area of science also the process of restructuring of social science which is unfolding in the country. In the study of sociopolitical, economic, cultural and other problems of the "third world" also there is much that requires reconsideration, a fresh look and renewal, not to mention the need for the renunciation of certain outmoded, erroneous and dogmatic ideas.

It is all the more appropriate to raise this matter now, in a period of a critical interpretation of the problems of Soviet society and its positive restructuring, a period of return to the ideals and traditions of the Great October, whose 70th anniversary is, as it were, a call for a resurgence of the truly humanitarian principles in socialist society, realization of the "more socialism and democracy" slogan and for the cleansing spirit of criticism, glasnost and truth to penetrate all walks of life without exception, not circumventing research activity pertaining to problems of the "third world" either.

Many negative phenomena, specifically the darting from one extreme to another, are observed in the keen debate characteristic of pivotal moments in the development of society—and socialism is now experiencing such a period. It is a question of instances of struggle against the

exaggerations and extremes of the past also being conducted from extreme positions, and there is a manifest tendency to completely deny virtually the scientific results which have been achieved, rehabilitating without investigation phenomena which had been negatively evaluated and, on the contrary, revising what had earlier been declared in some way positive. But science needs creative and not the destructive, all-denying critical spirit of Goethe's Mephistopheles, whose credo the great poet expressed in the following words:

I am a spirit whose custom always is to deny.
And with reason: nothing is needed.
There is nothing in the world deserving of mercy,
Creation is utterly worthless.

These extremes are all the more unacceptable in respect of "third world" research, much of which has been written from truly scientific, creative standpoints. Soviet scholars' achievements in this sphere of research activity are indisputable. They have developed a number of fundamental problems of the societal development of Asian, African and Latin American countries such as the particular features of national liberation revolutions and paths of the present-day revolutionary process, the place of the developing countries in the world capitalist economy and in the international division of labor, the role of these countries, specifically, the nonaligned movement, in world politics, the interrelationship of economic growth and social progress, the impact of the S&T revolution on the development of the "third world," specific features of industrialization and industrial development, a critical analysis of colonialism and neo-colonial relations, the sociopolitical structure of the developing society and the role of the army, the specifics of "peripheral capitalism" and many others. Particular mention should be made of Soviet scholars' contribution to the elaboration of the theory of "third world" development. They have developed the concepts of multi-structure, dependent development, interdependence, formational specifics of developing societies and synthesis of the modern and the traditional.

But today, when the maximum mobilization of the creative efforts of scholars for participation in the processes of the restructuring of Soviet society is required, we have to look back at the path that has been trodden, critically interpreting it from the viewpoint of the tasks of the present. Positive criticism may contribute to the surmounting of all that is extraneous and erroneous in scientific studies pertaining to problems of Asian, African and Latin American countries and help the formulation of the most important subjects requiring in-depth study and stimulation of the development of contemporary forms of cooperation between scientists, field specialists and research institutions. It is essential to find effective ways of intensifying relations with practice and broaden scientists' participation in the restructuring processes. It has to be admitted that currently such relations and cooperation are more of an incidental, sporadic nature. The idea of joint research efforts, not to

mention the holdups concerning the formation of temporary, dynamic inter-institute groups for the fulfillment of programs in which field specialists are enlisted, is being realized inadequately.

Third World Studies as a Science

The social discipline studying the developing countries is a comparatively young research field which is becoming firmly established as "third world studies" with its own procedural approach, conceptual apparatus and specific intentions. As distinct from oriental studies, African studies and Latin America studies, the new discipline investigates not regional and area problems but the developing world as an integral community and at the same time one which is highly contradictory in its manifold manifestations encompassing more than half the population of the planet.

It is the science of the social development of the "third world," of the sociopolitical and economic specifics of the developing society and its place in world economics and politics.

With the collapse of the colonial system of imperialism and the formation of dozens of nationally independent countries and in line with the intensification of the process of decolonization and the formation of a global international-political social community—the group of developing countries—third world studies expanded the sphere of its activity and honed its methods and analytical instruments. Its place in the system of social sciences thereby became more precisely drawn. It is a question not of a customary but a comprehensive science synthesizing the elements, methods and approaches of many disciplines. And the object of the research itself is a complex, conglomerate social formation consisting of more than 100 components with strongly expressed sociopolitical, economic and cultural-historical differences. But these are, if it may be so put, "third world" differences, that is, they are typical of countries of one and the same group, none of which has known how nor is it in a position yet to overcome the barrier of underdevelopment and "ascend" to the category of developed states.

Third world studies did not arise in a void. Like any science, it has its antecedents. We refer, for example, to oriental studies, which, of course, did not disappear with the emergence of the new discipline but, having created a substantial base for it, continues to develop, taking advantage here of the achievements of its scientific partner. "Relations" between the two disciplines are quite complex and interweave to a large extent, but equating them is hardly possible, at least today: the boundaries which separate them at the present time show through, generally, quite distinctly.

Truly, the object studied by third world research is broader. It incorporates not only Asia but also the African continent, in which classical oriental studies

originally displayed no interest, and also Latin America. In addition, in researching its problems third world studies tends not to go beyond the confines of most recent times. After all, the developing world has taken shape in recent decades, and this fact has made its mark on the research and political goals of this science, which is emphatically turned toward the present day. It needs a historical element to the extent that it makes it possible to comprehend the present in greater depth. It is well known also that a number of scientific fields specific to oriental studies such as linguistics, philology and so forth is not part of the sphere of interests of third world studies, although the situation could change in the future. Finally, the new scientific discipline is characterized by a global approach, within whose framework the developing world appears in the context of world development as some "unity in diversity," to use an expression which was first employed by Aristotle to describe the democratic (by the yardsticks of antiquity) state in the polemic with Plato, who denied the significance of diversity in a state arrangement.

Given the global approach, not only are the differences (in principle included) which exist between the countries and regions incorporated in the "third world" group not ignored but, on the contrary, the presence, more, the intensification of these differences in the course of the sociopolitical differentiation of this social formation, which is unique in terms of its specific features and place in the processes of world-historical development, are emphasized.

Thus third world studies are in a certain sense both broader and at the same time narrower than oriental studies. In respect of some lines they intersect and coincide, and in this case their close interrelationship is manifested most graphically. In respect of other lines they diverge, developing in parallel, autonomously, as it were, although they do not shed relations between themselves. What has been said about oriental studies also applies to this extent or the other to the correlation of third world studies and African studies and Latin America studies. We do not have the opportunity to speak in greater detail about the interrelationships and distinctions of all these scientific disciplines and about their correlation and subjects of study. Much is as yet unclear here, and "third world" scholars and specialists have not yet essentially been defined "by discipline" and are distinguished rather in the traditional fashion—as economists, historians and so forth—and as representatives of third world studies. For the purpose of regularizing the issue and bringing clarity to it it would evidently be advisable to distinguish between general third world studies, a brief description of which is offered above, and the regional-area branches of this scientific discipline—oriental studies, African studies and Latin America studies.

From the very outset third world studies has developed under particular conditions. In the period when it was taking shape Soviet social science was in a difficult situation.

First, the negative trend of its conversion into a scholastic, dogmatic science had already emerged and was continuing to intensify by that time. While having such a theoretical-procedural basis as the great teaching of Marxism-Leninism, it squandered this advantage to a significant extent. Numerous instances may be adduced of how the social disciplines undertook not so much a scientific, objective study of the trends of socioeconomic, political and cultural development as a selection of quotations for the "correct" evaluation of this phenomenon or the other or study thereof from the viewpoint of confirmation of the "soundness" of this quotation or the other. In this respect a specific feature of third world studies was that it became more difficult for it when it came to quotations inasmuch as it had not inherited special fundamental works on the national liberation movement; in addition, this movement today appears different to a large extent than in the last century and at the start of the present century. True, this afforded third world studies a certain opportunity to avoid pedantry and dogmatism. It availed itself of it to a certain extent, but did not know how, nonetheless, to emerge from the channel of the general trend which had engulfed the social sciences, particularly such fundamental sciences as philosophy, political economy and sociology.

Second, the situation which took shape in social science was characterized, to speak plainly, by entirely abnormal relations between science and policy. An idea of these relations may be given by the oriental saying which goes: "The camel has his plans, but his route is dictated by the driver's plans". Social science cannot, of course, fail to be connected with policy. But the connecting link between them may be the truth and only the truth, which science is called on to unearth and put at the disposal of policy. For social science, as, incidentally, any other scientific discipline, essentially performs a single function—search for and ascertainment of the truth. This is the fundamental principle, guided by which it establishes itself as such. In turn, it is only through a purposeful and unswerving aspiration to the truth that science demonstrates its usefulness and value, stimulates progress and assists practice, policy and the solution of specific problems of social development. Any retreat from this principle may harm both science and policy. A deviation from the truth condemns social science to creative barrenness, and policy, to blind subordination to opportunist interests of the moment, a narrowing of the imagination and impasse situations.

Colonialism, Neocolonialism and National Liberation Revolutions: Extremes in Evaluations

Soviet scholars have paid much attention to the national liberation movement and its prospects and have made a comprehensive analysis of colonialism and its consequences for the peoples of oppressed countries and world development as a whole. From the original, frequently simplistic approaches they ultimately arrived at a characterization of this contradictory phenomenon which was quite precise and in keeping with historical reality.

This subject is not, of course, exhausted, and new facts making it possible to supplement and extend its development are appearing and will, possibly, continue to appear. But even now the general picture of colonialism is painted in quite truthful colors. And there is nothing surprising in the fact that dark tones symbolizing, as it were, the unattractiveness of the system of colonial oppression predominate therein. There is no doubt that it was this historical misfortune which was the decisive external cause of the lagging and underdevelopment of the former colonies and semicolonial territories. Of course, certain domestic factors also fed the said negative phenomena. It may be recalled also that the colonial seizures contributed to the involvement of the enslaved countries in the world market, international development processes and contacts with more developed states and other cultures.

As a whole, there is not today either the historical or ideological-political need to return again to the sufficiently clear question of the historical responsibility of colonialism and neocolonialism to the peoples of the developing countries. It is well known that the economic division and recarving of the world, whether carried out in colonial or neocolonial form, cannot fail to have an impedimentary impact on the development process. Discussion of the fact that the South was unable to cultivate a suitable economic and sociopolitical mechanism and that its development was not forcibly held back, and things are "simply" explained—the North raced ahead inasmuch as it was able, as distinct from the South, to create the above-mentioned mechanism—is hardly fruitful, for example, in this connection. Such assertions may rightly be seen as attempts to rehabilitate colonialism.

In recent years, when bastions of the colonial empires have been swept away by the barrage of the national liberation movement, the proposition concerning the growth of the anticolonial revolution into a social, socialist revolution was advanced in Soviet scientific literature. This process was frequently portrayed in simplistic manner. There was talk of its inevitability and of the fact that the transition from the one type of revolution to the other would occur all at once, immediately, without intermediate components, encompassing increasingly new countries. Such ideas were largely brought about by the euphoria of the victorious march of the national liberation movement, which engendered illusions and an endeavor to pass off the wish for reality. For this reason there is now undoubtedly a need for adjustments to be made to our scientific ideas.

But it should not be forgotten during the critical reexamination of the forecasts and evaluations of that time that they have, for all that, been confirmed to a considerable extent, and in respect not of a handful of people, what is more, but a population of more than 1 billion of the former colonial and dependent world: the peoples of China, Vietnam, the DPRK and Cuba opted for the socialist development path, and it is today open to a

number of other peoples. Consequently, it is hardly legitimate in the historical plane to judge the prospects of socialism in the "third world," as is sometimes done, on the basis merely of the fact that the states of a socialist orientation currently account for a small portion of the population of the developing countries. To speak of today's situation, indeed, this portion constitutes less than 10 percent. But can it be maintained that the sociopolitical situation in the "third world" has already been fully determined and that appreciable changes in the said correlation are not foreseen?"

The changes occurring in the developing countries and their present development trends testify rather to something else—the growth and intensification of social contradictions reflecting the calamitous position of hundreds of millions of people in many emergent states and the growth of the dissatisfaction of broad strata in connection with the unsolved nature of vitally important problems. As a result increased sociopolitical tension, which is causing concern not only in the "third world" itself but in other countries also, is observed here. It is with good reason that the calamitous position of the developing states is rightly seen as a most acute global problem of the present day.

Under these conditions it would be a delusion, at least, if not scientific blindness, to believe that 10 percent is the limit assigned countries of a socialist orientation. This is a manifest underestimation of the level of conflict potential in the social development of the "third world," the possibilities of changes and the explosive nature of the political situation.

Here we come to another aspect of the problem: a scientific evaluation of the contradictory trends observed in the developing world—anti-imperialist and revolutionary on the one hand, reactionary and antisocialist on the other. Particularly many platitudes and obsolete ideas persist in scientific literature on this question. Many of the conclusions and assessments made on the basis of an analysis of the causes and sources of the powerful upsurge of the national liberation movement in the past 15-20 years continue to move from some scientific publications to others, although there have been appreciable, and as far as individual trends are concerned, fundamental changes in the world situation and in the national liberation movement itself.

It was in that period that the proposition concerning the national liberation movement as a powerful reserve of socialism and a principal revolutionary and anti-imperialist force of the present day was formulated. A firm place in research was occupied by propositions to the effect that world capitalism could not count on the nationally independent developing countries as its reserve and source of rejuvenation. And today also virtually each action of a developing state against this imperialist state or the other is seen by many people as a manifestation of anti-imperialism and revolutionary spirit, and a reactionary and sometimes antisocialist

principle is necessarily sought in this action or the other which is contrary to the interests of the USSR or other socialist countries. Such ideas can no longer satisfy us—neither science nor policy. The national liberation movement and the developing world are exceptionally complex social phenomena for providing a rectilinear description of them, in the form of fine-sounding slogans all the more.

Let us examine these questions in somewhat more detail.

It has already been said that in a number of countries the national liberation revolutions grew into socialist revolutions, and in others regimes of a socialist orientation emerged. Understandably, world socialism has drawn and continues to draw, albeit on a somewhat constricted scale now, strength for its growth and development from these revolutions.

At the same time dozens of states have emerged in the process of national liberation in which capitalism is developing, and in many of them it has become the dominant structure and is taking shape as a production mode. The "reserve of capitalism" or "rejuvenation of capitalism" expressions cannot be employed, of course, but it remains a fact that in Asian, African and Latin American countries capitalism has developed more rapidly since they gained political independence than in the colonial era. In the "third world" the highest level of economic and S&T progress has been achieved in states in which capitalist relations have advanced further than in others. The group of so-called "new industrializing countries," which have scored considerable successes in the industrialization and diversification of the economy and the establishment of industries at a high S&T level, has taken shape from their ranks. The makeup of this group is expanding, and second and third echelons thereof have already appeared. National monopolies, the number of which is increasing, have long been no rarity in a number of emergent states. The first TNC have appeared there also. All this is capitalism, and it is developing not as a counterweight to world capitalism but within the framework thereof, given its assistance and cooperation. Of course, the interrelationships and interaction of "third world" capitalism with imperialism are characterized by contradictions and conflicts. The latter, however, do not testify that the developing countries are not contributing to the development of world capitalism, remaining merely a reserve of socialism.

It is essential to also approach from new standpoints the question of the revolutionary and anti-imperialist potential of the emergent countries. It is indisputable that they are developing in constant struggle with the imperialist states. Nor can it be denied that there are among them contradictions and complex, sometimes conflict relations with the socialist countries also. But should this in the first case always be equated with anti-imperialism or revolutionary spirit, and in the second, with antisocialist trends? Such an identification is mistaken, in my view. It

testifies to a confusion of interstate relations with ideological relations. Undoubtedly, the developing countries' struggle with this Western power or the other differs appreciably and fundamentally even from interimperialist struggle (although there are exceptions). However, the attitudes of the states of one group toward the states of the other do not necessarily acquire an anti-imperialist coloration. They sometimes contain ideological contradictions, but in many cases something else occurs—a conflict of the state interests of the two partners. The weakness of one partner here—the developing country—does not inevitably entail ideological confrontation.

The political significance of a correct evaluation of the anti-imperialist and revolutionary potential of the developing countries is particularly great in our time. Undue exaggerations in this plane could lead to undesirable consequences in policy, particularly if it considered that anti-imperialist slogans are at times employed for demagogic purposes in order to appear "suitably" in political relations with the Soviet Union. It would be wrong to evaluate the prospects of the development of the "third world" and its role in world economics and politics and, consequently, our positions and policy in respect of the developing countries also only or mainly from the viewpoint of the degree of their anti-imperialism and revolutionary spirit, the more so in that these features do not always lend themselves to an unequivocal assessment.

Problems of a Socialist Orientation

These problems are a priority in Soviet scientific and political-propaganda literature. A multitude of works has been devoted to them. Scholars and specialists have put forward many ideas which merit attention and which have performed a good service, and the theory of non-capitalist development and a socialist orientation itself is an appreciable contribution to Marxist-Leninist social science. At the same time it would be merely a cliché when evaluating this scientific concept to confine oneself to the phrase that far from everything is propitious here. It has, unfortunately, to be acknowledged that this is perhaps the weakest area of third world studies. The quantity of publications on problems of a socialist orientation is in inverse proportion to the level and quality of the research. Oversimplification and triviality are particularly at home here. It has become a ritual virtually to substitute for an analysis of the crisis and other negative processes in countries of a socialist orientation, including failures in the economy and domestic and foreign policy, sacramental phrases of the "they are encountering difficulties," "they are having to overcome the resistance of internal reaction and the consequences of colonialism" and so forth type. Difficulties, the resistance of reaction and the intrigues of imperialism, of course, exist. But there are also other phenomena requiring objective study such as the contradictions inherent in development along the path of a socialist orientation, intraparty struggle, degeneration of the leadership and the regime, violations of the rules of good-neighborliness and international law and so forth.

Under the conditions of the extremely limited glasnost and democracy in the past the absence of truly scientific, that is, objective, research into many aspects of the problems of a socialist orientation could be explained to some extent, although not always justified. Scholars in this field of research, which is of exceptional importance not only for science but policy also, now face an abundance of work to open up the "prohibited zones," get rid of platitudes and pretentious and showy assertions and extend theoretical and political analysis.

The countries of a socialist orientation are countries which are friendly toward us, which imposes particular responsibility for an investigation of their problems. This is responsibility primarily to show the true state of affairs. Otherwise truth is supplied by enemies in prepared and falsified form. Thus nothing can justify the fact that open objective research is not being conducted into and there are no in-depth scientific publications on, for example, the Afghan question. Policy can hardly look for the effective solution of this problem or the other if science fails to participate in the explanation to the public of the essence and complexities thereof or in the creation of public opinion itself in connection with this problem based on in-depth and comprehensive study. In the same way the Soviet reader has not been informed in all seriousness about many aspects of the domestic policy situation in Nicaragua, this or that aspect of Syria's policy in the Near East, specifically in respect of Lebanon, and the foreign policy intentions of the Libyan leadership on the Chad issue, for example. And how is he, the reader, to understand that Somalia, which was once considered a promising country of a socialist orientation, was immediately, as soon as the military conflict with Ethiopia began, lowered to a different sociopolitical level.

But it is not only a question of the existence of "prohibited zones" and not only of the fact that a nature of relations between science and policy which is far from the optimum, which was mentioned earlier, has been manifested here. Another, no less important, aspect—the theoretical-procedural—has to be emphasized here.

The socialist orientation is not only an object of study of third world research but also part of the scientific school engaged in analysis of the problems of world socialism. This is obvious, it might have seemed. However, judging by the works of Soviet authors, the socialist orientation is being studied only within the framework of research into the developing world, and it essentially does not figure in theoretical works devoted to socialism. And if to what has been said it is added that, in turn, a number of socialist countries which grew out of national liberation revolutions—China, Vietnam, Cuba, the DPRK and Laos—is excluded from third world studies, both the procedural muddle and disconnected nature of the research into problems of a socialist orientation are understandable.

The said procedural defect is possibly explained, aside from all else, by the fact that the socialist orientation is seen merely as a transitional form of social relations. Yet societies of a socialist orientation have been in existence for decades now. In our fast-moving age this is an entire era. In the countries of a socialist orientation many generations are surely not destined to see the end of the transition and the establishment of socialism there in full. As they see it, this society is something permanent and settled. In my view, it should be seen not only as a certain phase of movement in the direction of socialism but also as a particular type of society with its own variants.

An analysis of these variants makes it possible not only to regularize knowledge about the socialist orientation, better comprehend its nature and study the development trends in the corresponding countries in greater depth. It is also essential for ascertaining the differences between the foremost, progressive variants of the socialist orientation and those wherein negative trends gain the ascendancy or reactionary trends emerge even. Something of the kind occurred, for example, in the Cambodia of the "Red Khmers," in which a barracks-police, terrorist regime was once established. As we can see, the degeneration of a regime of a socialist orientation is not uni-variant either, it may proceed in various directions.

It has been the historical case that it is countries from the ranks of the least developed which have mainly embarked on the path of a socialist orientation. This fact is in itself significant. However, it has not yet been convincingly explained theoretically, and in the political plane induces serious reflection. These countries are at such a low development level that their choice of the more radical development methods provided for by the socialist orientation is entirely logical. But besides the logic of the choice, which could be made owing to the "demonstration effect" of socialism, there is also the logic of objective conditions. And if the objective conditions are not ripe, even the most radical methods may not produce the desired results or may lead to undesirable consequences even.

The countries of a socialist orientation, African specifically, could not have failed to have encountered such problems in their development. An interesting picture is revealed upon their comparison with the sub-Saharan states whose ruling circles made a different choice. In relation, for example, to Togo, Chad and the Central African Republic the countries of a socialist orientation have demonstrated their advantage. At least, they do not appear worse in terms of development indicators. A different picture emerges upon comparison with Senegal, Ivory Coast, Kenya and others. In short, the path of a socialist orientation has yet to demonstrate its fundamental superiority. No country which has made such a choice has been able to move outside even of the least-developed category. This model has not become sufficiently attractive for dozens of emergent states.

What has been said above by no means signifies, of course, the failure of the socialist orientation model and cannot be grounds for unduly pessimistic conclusions concerning its prospects. The question of the impact of the processes of restructuring in the USSR and the decisive democratization of the Soviet society on the regimes of a socialist orientation and its future is of exceptional interest in this connection. This is a new sphere of third world studies, whose significance cannot be overestimated. Such research is only just beginning. We can no longer today, I believe, evaluate the prospects of a socialist orientation from the standpoints of its failures in the past. Thus under conditions where the international significance of perestroika is being affirmed increasingly manifestly, the opinion expressed in debate that the noncapitalist path, the path of a socialist orientation on the periphery of the world capitalist economy, will hardly become a convincing alternative in the foreseeable future sounds, it seems to me, dubious. And it is completely incomprehensible why this quite categorical evaluation is linked with the fact that in the restructuring process our ideas concerning socialism will move increasingly far away from the actual social relations of the majority of countries of a socialist orientation. Among experts these ideas have always been quite far removed from the said relations. It is wholly a question of the conditions and possibilities of the countries of a socialist orientation for their own restructuring and their recognition of the need therefor. The path of social renewal and the comprehensive improvement of social structures is open to them also.

Arguments Concerning the Prospects of 'Peripheral Capitalism'

Another fundamental topic of third world studies are the particular features of capitalism in the developing countries, its place in the world system of capitalist relations and its prospects. It would seem that compared with the works devoted to problems of the development of socialism in Asian, African and Latin American countries studies pertaining to the problems of "peripheral capitalism" have been conducted on a higher scientific-theoretical level. However, we cannot today be satisfied with this. Here also there are serious lacunae, a fear of new ideas is sensed and outdated views are encountered. Thus third world studies have not yet managed to ascertain and provide a comprehensive picture of the specific features of capitalism in the developing countries as a "third world" phenomenon. The criteria for determination of the level and formational maturity thereof have not been elaborated. Arguments frequently amount to the rule of contraries—states which do not fit the socialist-oriented concept are facetiously attributed to the group of countries taking a capitalist path.

This at first sight infallible logic follows a dichotomous vision of the world's sociopolitical structure. And the content of the "taking the capitalist path" concept is not disclosed, as being, evidently, self-evident. However, what specifically is implied by this concept—an evolved

capitalist structure, state or private? A predominant capitalist structure? Capitalism which has taken shape as a production mode? The sociopolitical orientation of the ruling circles, regardless of the level of development of capitalism? Or, perhaps, it is a question of something different?

Let us turn to another example. No one has yet refuted the proposition that an important criterion of capitalism which has taken shape is the "proletariat—bourgeoisie" opposition, which is considered the basic contradiction of this society. Have social relations attained this level of development in many emergent countries? Finally, one further example. Studies show that in sub-Saharan African countries capitalism is developed very feebly and is still far from having become the prevailing structure. Yet many of these countries also are incorporated in our research in the group following a capitalist path (1).

What are the reasons for the situation which has been created in this sphere of third world studies?

Of course, it is possible to refer to its youthfulness, to the fact that it has not yet had time to encompass all questions: even many basic problems remain unresolved, more precisely, untouched. This would be half-true. It is further a question of certain stereotypes, primarily in the sphere of the procedure of analysis, hampering the in-depth elaboration of the problems in question, specifically in the preservation of Eurocentrist ideas in the studies of "third world" capitalism, as, incidentally, in third world research as a whole.

It is customary to believe that European capitalism (not of all countries, of course) is first-echelon capitalism. From the scientific viewpoint it is perfectly acceptable comparing with it the capitalism of the third echelon, which encompasses developing countries of a capitalist orientation. But what gives rise to objections is the fact that the results thus obtained are frequently presented as specific features of "third world" capitalism. Is this legitimate? After all, the content of a social phenomenon, in this case capitalism, may be revealed, as K. Marx did, only by way of an analysis of its "pure" model, and the specifics of a version of the phenomenon being studied, by way of comparison with this model. European capitalism is obviously closest to it. But it is true also that they cannot be equated, but precisely such is the general approach upon study of capitalism in the "third world". Yet the deviations of the "third world" version of capitalism from the European version point merely to the differences between them, but not to the specifics of either version.

But it is not only a matter of this procedural flaw. Eurocentrism has led to a set of scientific instruments elaborated on the basis of different historical material being applied upon study of the developing countries, of capitalism included. This not only is not contributing to a more correct orientation of analysis methods but has also been the reason why third world studies have

manifested carelessness in respect of their own conceptual apparatus. As a result it is practically devoid today of a scientific set of instruments which adequately takes into consideration the specifics of the object of study.

One further difficulty is that study of "third world" capitalism, of the theoretical and procedural aspects of the problem particularly, is largely based on the insufficient degree of elaboration of the concept of world capitalism as a system. In this very concept the developing world as a source generating capitalism is portrayed manifestly inadequately and formally even—in the form of some appendage to the world capitalist system changing nothing in its essence and qualitative characteristics. In addition, upon study of this system world capitalism is essentially equated with the capitalism of developed countries.

In reality research shows that the role of the capitalism of the developing countries in the world capitalist economy is changing qualitatively. Not only the increasingly profound involvement of "peripheral capitalism" in this economy but something more essential also is occurring—its integration and in a certain sense diffusion therein. It is being pulled increasingly into the world capitalist economy not as a uniform, integral body with its own specific features but as numerous individual parts at different levels of economic integration. Contradictions in the world capitalist economy are thereby taking shape not only between the states which are a part of it, developed and developing, and also between national capitalisms but also between different multinational groups of capitalists. For this reason the problem of the economic independence of the developing countries appears today in a different light also. It is a question not, as was maintained recently, of tearing oneself away from the world capitalist economy but of seeking equal participation and partnership therein.

In this connection a more precise approach is needed also to a quantitative evaluation of the role of the developing countries in the world economy and the question of the gap in development levels between them and the developed capitalist states. In my view, the works of Soviet economists considerably exaggerate both the "third world's" share of the overall gross domestic product and industrial production of the nonsocialist countries and the degree of diminution in this gap. Their calculations evidently fail to take account of such points as the differences in the structure of the GDP and industry, manufacturing industry particularly, between the two groups of countries and also the inclusion in the national statistics of "third world" countries of the results of the production and other activity of the TNC, not to mention the unreliability of these statistics. In other words, it is essentially noncomparable values which are frequently compared. If such calculations and evaluations are rid of the above-mentioned and other mistakes, the picture appears less optimistic: the gap not only is not diminishing but increasing even, particularly

from the viewpoint of the quality of development, and the developing countries' share in terms of various indicators underwent no appreciable change in the period 1950-1985.

It may be said that integration within the framework of the world capitalist economy, which is occurring rapidly, in the most diverse forms and at various levels, has been a kind of response of developed capitalism to the demand for the establishment of a new international economic order. World capitalism has been able to recover from the blow brought about by the collapse of the colonial system. For this reason it should hardly be said that imperialism has not succeeded in exacting sociopolitical revenge for this defeat (2). Integration has been a means permitting it to expand and strengthen its positions for it affords an opportunity for binding the various interests of different partners by the strongest ties, which economic ties are, in a common, organism, albeit, we repeat, one that is extremely contradictory and conflict-fraught—the world capitalist economy. Having created extraordinary tension between the developed capitalist and developing countries, even the foreign debt crisis is, as a whole, contributing to integration, enshrining it in the extremely important currency-credit sphere.

In the world capitalist economy foreign economic relations have always developed not only between states and through states but also directly between economic agents—enterprises, firms and so forth. A particular feature of the current situation is that direct relations are increasingly coming to the fore; the states, on the other hand, concentrate predominantly organizing functions and the implementation of national measures like, for example, creation of the conditions for cooperation, provision of assurances for normal activity and such. However, this field of research remains untouched, although great scientific and practical significance is attached to it, particularly for the development and extension of our economic cooperation with the developing countries.

Problems of the USSR's Cooperation With Developing Countries

I would like to emphasize from the very outset that these problems are a central channel of third world studies' communication with the Soviet Union's foreign economic practice. How they are henceforward studied and what the response of practical organizations to the results of their study will be—this will be a kind of litmus test determining the degree and efficiency of the new thinking's penetration of third world studies, the sphere of the country's foreign economic relations and the mutual relations of science and practice. To speak of the past and, to a somewhat lesser extent, the present, on the other hand, the litmus paper reveals quite clearly and frequently not only the colors which gladden the eye.

One further preliminary observation. In research devoted to problems of the USSR's economic cooperation with the developing countries published works (books, brochures, scientific articles and such) are particularly inferior in terms of their content, results and quality to research and practical studies prepared to the order of state economic organizations and establishments. Judging by such studies, it would be no exaggeration to say that science is manifestly outpacing the practice of our economic and S&T cooperation with the developing countries. This is perfectly normal, naturally: theory should, by definition, take the lead. What is abnormal is something else—the fact that until recently Soviet foreign economic practice has responded exceptionally inadequately and highly conservatively to many of scientists' recommendations and proposals, and if it has accepted them, then only after a long delay. Just one example. The idea of the creation of joint ventures was put forward approximately 15 years ago, but only now has it become an integral part of our strategy of foreign economic relations. In addition, the main thing—fundamental work on realization of the idea—is still to come.

Under the conditions of perestroika and glasnost third world studies are confronted by an important and, I would say, absorbing task—restructuring themselves in the name of the maximum participation in the restructuring, specifically, in the sphere of study of the problems of the USSR's cooperation with the developing countries.

In what specifically might such participation be expressed? This question is complex and has a multitude of aspects. I shall confine myself to a study merely of certain aspects.

The first is the extent, depth and intensity of foreign economic relations and the degree of the interpenetration and interdependence of the economies of the USSR and the developing countries. In terms of these indicators our country is significantly inferior to the developed capitalist states. Mention has already been made of the rapidly unfolding process of the developing countries' integration in the world capitalist economy. We would add that economic relations with the developed capitalist states contribute to the preservation and more intense involvement in the world-economic system of capitalism of countries of a socialist orientation also. Meanwhile the USSR's economic relations have not reached integration level even with this group of emergent states, whose entry into the world socialist economy is seen merely as a feebly expressed trend.

Of course, much in economic relations between states depends on whether their economies are of the same type or not. Much, but not all. Thus the question of enterprises' independence and direct relations between them is hardly strictly dependent on the type of economy. I do not believe that the features or conditions without which the efficiency of foreign economic relations declines sharply are typical only of the capitalist economy. But it

is only now that we are approaching this idea and its practical realization for our foreign economic and foreign trade practice has for decades been in the iron grip of Her Majesty monopoly, which is perfectly permissible in certain periods of the country's development, but, if retained for a long time, could lead to running in place and to putrefaction even. Now, however, when the ideas of the economic accountability and independence of enterprises and direct relations between them constitute the basis of the economic reform being implemented in the USSR, this important sphere of research, particularly with reference to foreign economic relations, is still to a considerable extent beyond scientists' field of vision.

The second aspect is the strategy of cooperation. The discussion here will not be about the general principles of the Soviet Union's political and economic relations with the developing countries. These principles are well known and are a strong and attractive aspect of our cooperation with them. Concern is caused by the fact that a trend came to light in the 1970's and at the start of the 1980's toward a relative diminution in the volume of the USSR's foreign economic relations with "third world" countries. In addition, compared with the developed capitalist states this volume is very small. What is the reason for this situation? This big scientific and practical-political problem is not touched upon, it may be said, in our publications. In any event, special research is not, to judge by everything, being conducted into the said question.

The general impression is that the USSR's political cooperation with "third world" states has more extensive proportions and prospects than economic cooperation, although measuring and making comparisons here is difficult. Whereas in foreign policy affairs our strategy is aimed at establishing and maintaining friendly relations with all developing countries, in foreign economic relations it is concentrated rather on the relatively narrow group of states of a socialist orientation and some other friendly countries. In the first case the strategy is entirely comprehensible and corresponds to the spirit of the times and the interests of peace and the security of the peoples. As far as economic policy is concerned, in which political motives are similarly predominant, there is no confidence in its efficiency.

What is the matter here? A shortage of resources? This has to be considered, of course. But the main thing, in my view, lies elsewhere—in the concept of foreign economic relations, in which preference is given the country and not the market, not the formation of interstate and interfirm economic complexes. This approach could entail a loss of interest in other countries, a suspension of the search for mutually profitable clients and, in general, sluggishness in a sphere which demands high dynamism and the continuous upgrading of forms and methods of activity, maintained and increased competitiveness and an improvement in the quality of the export commodities. The narrowness, low level and undeveloped forms of economic relations could in the long term have a negative effect on political positions also.

The policy of the development of commodity-money relations and use of the market is creating a new atmosphere and new opportunities. It is designed to strengthen economic levers and incentives in the sphere of foreign affairs also and orient people toward the criterion of the competitiveness of Soviet products in the world economy and on the markets of developing countries. This is all the more important in that the expansion therein of the market economy and the rise in the level of their economic and S&T development are here also advancing the criterion of quality and competitiveness to the fore. Particular significance is attached to study of the set of questions at issue with reference to the conditions of the developing countries in connection with the fact that foreign economic cooperation is designed to perform a considerable role in the restructuring of the economy of the Soviet Union.

The third aspect is the impact of global problems on the mutual relations of states, particularly of the USSR and the developing countries. The number of such problems is growing constantly, and many of them are arising directly in the zone of the emergent states. This process is expressed in political vocabulary by the well-known formula of an "interrelated, interdependent world" bound by the ties of global problems. Their essence is clear—they affect, directly or indirectly, the interests not only of individual countries or regions and continents but also all mankind and all three groups of contemporary states—socialist, developing and developed capitalist.

Global problems are occupying an increasingly large place in relations between states. However, whereas specific negotiations are being conducted on disarmament issues, things are different when it comes to other global problems, particularly those of a "third world" nuance. This is largely a consequence and simultaneously the cause of the fact that third world studies are still not dealing with these problems in all seriousness. Yet they are becoming a firm part of the agenda of bilateral and, particularly, multilateral cooperation, in the sphere of foreign economic relations with the developing countries included. Third world studies should be prepared to provide answers to the questions of a theoretical and practical nature arising here.

The intensifying critical focus of Soviet science in respect of the negative trends observed in the development of its own society reveals new vistas for the better study and understanding of other countries and peoples and for the transition of third world studies to a new, higher level of research in order that the new thinking firmly become its genuine driving force. At the same time objective study of the developing world and "third world" society could provide much material for the elaboration of the theory and practice of socialist restructuring and the enrichment of the new social and politico-economic thinking.

New thinking in science means a policy of objective and not biased study, actual knowledge and not that prescribed in advance and creative discussion and not the

stamping of settled formulas in a scholastic mortar. Like any science, third world studies set the goal not of a mandatory unity of views and not the victory of one viewpoint over another but research results corresponding to the actual state of affairs and actual prospects. Science, dialectical thinking and a policy of dynamism or dynamism in policy do not by definition accept the unity of views concept. True scientific ambition consists not of delivering blows and defeating an opponent and aspiring, as has been the practice since the time of the Sophists, to impose and establish one's opinion but, abiding by the method originating with Socrates, of not fearing to question the truthfulness of one's own results, contrast different views, conduct a joint search and strive to establish the truth. In other words, not one's own opinion but doubt and the final result—this is what is important in scientific debate.

The "revival of the creative spirit of Leninism" affirms a new vision of the world-historical process as the opportunity at each given moment of movement in various directions, the vector of which ultimately depends on the activity of the participants in this process. The developing world is a participant in world history. Study of this uniform and diverse world could lend additional creative impetus to the development of Soviet social science.

Footnotes

* This problem is examined from somewhat different positions, from the viewpoint of the degree of formation of the prerequisites of socialism both in the basis and the superstructure of society in the developing countries, in G. Mirskiy's article "Question of the Choice of Path and Orientation of the Developing Countries" (see No 5, 1987)—Ed.

1. I would like to be more exact in this connection. It is perfectly possible that the majority of developing countries is indeed taking this path. But it is surely clear that this conclusion must be corroborated by specific analysis which contains, inter alia, answers to the questions raised and which relies on the evolved criteria of the development of capitalism under "third world" conditions. The general considerations or rough estimates which are frequently encountered only obscure the picture or serve as a method of avoiding complex problems even.

2. It should be specified that, first, the disintegration of the colonial empires was a blow mainly at the metropolises. The American, Japanese also, and West German detachments of imperialism were ultimately the winners. Second, it may be asserted from standpoints of the present day that the liquidation of the colonial system was the "sacrifice" to which world capitalism had to accede to save itself as a system.

COPYRIGHT: Izdatelstvo TsK KPSS "Pravda". "Mirovaya ekonomika i mezhdunarodnyye otnosheniye", 1987.

New Approaches in Soviet Foreign Economic Relations Required

18160003e Moscow MIROVAYA EKONOMIKA I MEZHDUNARODNYYE OTNOSHENIYA in Russian No 11, Nov 87 (signed to press 14 Oct 87) pp 82-90

[Article by V. Presnyakov and E. Iordanskaya: "USSR-West Europe Business Relations: From October to Our Day"]

[Excerpt]

Cooperation or Technology War?

The end of the 1970's and the start of the 1980's were marked by a new relapse into the old ailment. Imperialism failed the tests of detente, which presupposes a considerable restructuring of political thinking and political behavior. As a result much of what was positive that had been created in the preceding years was in a short time lost. A particular gamble is now being made on a technological blockade of the USSR and its allies to force them to "stew in their own juice".

In the opinion of reactionary circles of the West, American primarily, the exchange of science-intensive commodities, equipment and engineering processes and scientific knowhow (patents, licenses and so forth) in fact "helps the Soviet Union strengthen its military potential" and increase its economic power and influence on the international scene. It is not fortuitous that particular zeal is being displayed on this issue by the Pentagon, whose boss, speaking in May 1982 in the U.S. Foreign Policy Association, went so far as to say that the West "is selling the USSR the rope by which it will subsequently be hung."

The compromises reached in the 1980's by the CoCom countries concerning increasingly large restrictions on exports to the socialist community countries of modern equipment and technology and the tightening of export controls are causing dissatisfaction in West Europe both among business people and realistic politicians. "The new CoCom decisions," P. Glotz, a leader of the SPD, declared, "represent the irresponsible politicization of East-West trade." Revealing the hidden motives of American foreign economic strategy, he writes that "CoCom is not only a resource for combating the Soviet Union but also a weapon of the United States for curbing economic competition on the part of West Europe and Japan." The policy of embargoes and prohibitions has been the reason for charges of "technological imperialism" leveled at the United States being heard increasingly often in West Europe.

As is known, the socialist states are among the leading trading partners of many West European states. Thus, for example, exports from the European Community to the CEMA countries constitute in terms of value two-thirds of the Community members' aggregate exports to the United States and are four times greater than their exports to Japan. For the West European states as a whole commodity turnover with the CEMA countries is 10 times greater than for the United States. Supplies to the USSR alone account for almost 9 percent of West German and 4 percent of French exports of metallurgical products, 8 percent of the FRG's metal-working equipment, 5 percent of French chemicals, over 3 percent of exports of intermediate products from Italy and so forth (15). Approximately 2,000 firms of the FRG, 600 of Finland, 300 of Italy and so forth participate in trade exchange with the USSR. The FRG, Finland, France, Italy, Austria and other West European countries have even under pressure on the part of the United States concluded with the Soviet Union very large-scale new long-term contracts.

At the same time, particularly as of the summer of 1984, the West European countries have for all that been making substantial concessions to the United States. The results of recent CoCom sessions, at which West European representatives, following lengthy debate, agreed in principle to a tightening of restrictions on supplies to the socialist states of many types of progressive and promising technology, testify to this. The United States is trying also to control trade between the USSR and West European countries which are not members of CoCom. The American Government is forcing West European companies under the threat of "blacklisting" them to forgo the sale to the socialist countries of products banned by CoCom.

There has been a marked deterioration also in the 1980's in the terms of the extension of credit for trade with the socialist countries. The West's credit policy is geared to a reduction in their purchases of progressive technology. The interest on medium- and long-term government and government-subsidized bank credit has been raised for the USSR, the GDR and the CSSR. Under pressure from the United States the West European countries have acceded to limits on the subsidizing of export credit interest payments for the USSR and lowered the maximum amount of guaranteed credit.

Reining in Washington's imperial aspirations, preventing a split in the world economy and preserving and strengthening the possibilities of equal, mutually profitable international economic cooperation—these are the tasks, the well-known Soviet economist N. Shmelev rightly observes, which are of paramount world-economic significance today and which affect vitally important interests of all peoples and countries (16).

New Problems, New Approaches

Problems of the rationalization and increased efficiency of trade and economic relations with capitalist countries, including West Europe, are being tackled in new fashion

under the conditions of the restructuring under way in the USSR. It is no secret that in recent years the structure of our exports had ceased to correspond to production potential and the structure of the national economy as a whole and the new trends of the world market. Thus the quotas pertaining to an increase in machinery and equipment exports went unfulfilled. As a result the asymmetry in USSR-West Europe trade exchange which had already been noted and also the discriminatory measures on the part of the West led to an absolute decline under the conditions of the fall in the price of energy resources in reciprocal commodity turnover (from R32.9 billion in 1984 to R23.1 billion in 1986, that is, to the 1980 level approximately).

In the coming decade the Soviet Union will have to make big efforts to occupy a place in the system of the international division of labor befitting its economic and S&T potential. The more so in that by the end of the century, it is estimated, approximately one-third of all products manufactured in the world will be the subject of international exchange.

New approaches to the solution of economic and foreign economic problems at the macro- and microlevels are essential. Much is now being done, specifically, for the development of production cooperation with West European countries. Thus in the period 1986-1990 the proportion of joint-labor supplies of machinery and engineering products in Soviet imports of machinery and equipment from Finland is to reach 30 percent, and in exports, to approximately 50 percent (17).

The question of the direct outlet of the producer onto the world market has been resolved in principle. And, furthermore, whereas in the 1920's it was trusts and syndicates supplying a limited range of raw material commodities, intermediate products at best, which had an outlet to foreign markets, it is now a question of the outlet and direct relations with foreign partners of associations and enterprises, which account for two-thirds of the export supplies of machinery and equipment. Joint ventures on the territory of the USSR could be a new and more efficient form of relations with West European, primarily West German, Italian and French, companies.

Under the new conditions the Soviet Union advocates active nondiscriminatory contacts with international trade and economic and financial organizations. Specifically, the USSR occupies a positive position in respect of the GATT and is prepared to continue the process of rapprochement it has begun up to full membership in this agreement.

As far as the IMF is concerned, the attitude toward it is somewhat different. The Soviet Union sees in this organization serious flaws and drawbacks impeding participation therein. These shortcomings are sharply criticized on the part of participants in the fund themselves. At the

same time, however, scientific contacts at expert level, an exchange of opinions on the current currency situation and so forth could be useful.

As emphasized at the CPSU Central Committee June (1987) Plenum, not only the socialist countries but also all those which are interested in cooperation with them under the new conditions, which are more conducive to this, would benefit from the successful realization of the plans for a restructuring in our country and the modernization of the economy. In other words, the restructuring of the Soviet economy is designed to contribute to the development of wide-ranging cooperation and thus to an improvement in international economic relations. The Soviet Union has always aspired to this. Its entire 70-year history attests this.

Footnotes

15. At the subsectoral level the indicators are even more impressive. Thus the USSR's share of FRG exports in respect of large-diameter pipes amounts to 50 percent, equipment for chemical industry and die-casting machinery, 40 percent, and metallurgical equipment and machine tools, almost 15 percent.

16. See N.M. Shmelev, "The World Economy: Trends, Shifts, Contradictions," Moscow, 1987, p 3.

17. For more detail see *Memo No 3*, 1987, pp 87-94.

COPYRIGHT: Izdatelstvo TsK KPSS "Pravda".
"Mirovaya ekonomika i mezhdunarodnyye
otnosheniya", 1987.

8850

Reports to Meeting on Economic Crises of Capitalism

18160003f Moscow MIROVAYA EKONOMIKA I
MEZHDUNARODNYYE OTNOSHENIYA in Russian
No 11, Nov 87 (signed to press 14 Oct 87) pp 109-116

[Text] A session of the Procedural Coordination Council of the Institute for Theoretical Problems of the Political Economy of Present-Day Capitalism devoted to questions of the interaction of structural and cyclical crises and the most important directions of the structural rebuilding of the economy of the developed capitalist countries has been held in the USSR Academy of Sciences World Economy and International Relations Institute. In this issue we publish (in abridged form) the papers presented by Prof R.M. Entov, doctor of economic sciences, and Doctor of Economic Sciences L.P. Nochevkina. Material of the discussion on the problems raised will be published in an issue in the near future.

Basic Forms of the Interaction of Structural and Cyclical Crises (R. Entov)

There has been a pronounced intensification throughout recent decades in the intrinsic instability of the capitalist economy. The interweaving and intensification of cyclical and structural crises pertain, as the CPSU Program observes, among its most important manifestations. It is proposed in this speech raising the question of certain forms of their interaction (1).

Cyclical and structural crises represent phenomena of a varying degree of community (and study of these categories presupposes dissimilar levels of theoretical analysis) (2). Without attempting to encompass the various facets of the correlation between them, we would note primarily the following.

The structural crises of the 1970's-1980's were brought into being by a number of specific economic and political conditions; the processes of their inner maturation occurred throughout not one but several cycles. However, the very moment when the accumulated contradictions "move outward," as, equally, the specific forms of interaction of cyclical and structural crises, at least, interaction in the period when the structural crisis is assuming the most acute forms, is determined by the general conditions of the development of the capitalist cycle.

The experience of recent world economic crises (1974-1975 and 1980-1982) testifies that in different countries the structural crisis is "interwoven" approximately identically in the cyclical movement of the economy. The place which is occupied in the processes of the successive change in cyclical phases by the explosion of the structural crisis is evidently determined by the nature of the crisis itself.

Acute structural disproportions within the framework of the national economy and on the scale of the world capitalist economy have always been revealed in the course of a cycle. Thus toward the end of a cyclical upturn it has most often been revealed that the supply of energy and raw material resources lags considerably behind demand for them; the cyclical increase in the price of these commodities has exceeded considerably, as a rule, the average rate of increase in the costs of the finished product. The mechanism of the cycle has thereby outlined the economic conditions which have made most probable an explosion of long-accumulating contradictions. We would add that in the cyclical upturn of the start of the 1970's the extraordinarily high synchronism (not only by postwar but also, as far as available information makes it possible to judge, prewar standards) of the cyclical expansion of demand within the framework of the entire world capitalist economy contributed to the rapid growth of the imbalance between the demand for subjects of labor and the supply thereof.

The processes of the interaction of cyclical and structural crises may, allowing of a certain conditionality, be divided into short-term and long-term. Let us study first the short-term aspects of the problem.

The rapid growth of the price of individual types of energy and raw material resources was far in excess of conventional cyclical "models". The spasmodic transition to the new price structure was reflected at once in the further development of the cyclical upturn (3).

The cutback in production in a number of sectors connected with the sudden increase in the price of the subjects of labor was sometimes effected in a situation in which the cyclical upturn had still not exhausted its potential and, specifically, the conditions for the expanded reproduction of fixed capital persisted. An appreciable part in the growth of investments and the further expansion of the market in this period was also played by a feverish stockpiling and also a surge of speculative transactions so typical of the culminating phase of an upturn. As a result the initial response to the "price shock" was separated by a certain interval of time (2-4 quarters) from the cyclical crisis proper, and the first wave of the production cutback here was, as a rule, brief and less profound. The following, second, stage of the unfolding of the cyclical crisis was characterized by serious cyclical upheavals in the sphere of production accumulation.

An appreciable modification of the cyclical mechanism brought about by the explosion of structural contradictions was revealed in the course of the crises of the 1970's-start of the 1980's. Previously the crisis reduction in the relative price of the subjects of labor reduced to nothing, in the main, the results of the increased costs thereof throughout the preceding industrial upturn; recently the cyclical crises have been unable to eliminate the consequences of the surge in the price of energy resources, which has been of far greater scale (4). The explosion of the structural crisis thereby increased the duration of the cyclical recession and the depression which followed it. On the other hand, the increased level of the price of the subjects of labor formed an initial condition of the new cyclical upturn.

Nonetheless, the more extensive the overaccumulation of capital, the more distinctly the "feedback" in the system of the interaction of the structural and cyclical crises was revealed (this was manifested particularly graphically in the 1980's, when the economy of the industrially developed countries proved better prepared for the "price shocks"). The second wave of the 1980-1982 crisis succeeded in turning back the movement of the price of the subjects of labor, bringing increasingly close together the trends which had come to light by the end of the crisis and the previous cyclical "models".

A quantitative analysis of the extent of the impact of the structural crisis on the development of the cyclical crisis is difficult: the accomplishment of such a task presupposes a comparison of actual data with the trajectories

which would be observed had the structural crisis not erupted. Estimates of the latter are always attended, of course, by a number of conditional suppositions. Nonetheless, the calculations made in the IMEMO Economic Cycle Department based on an econometric model of the United States and also the majority of calculations made by Western economists testify that the crisis fall in production in the United States and West European countries would evidently have occurred in 1974-1975 and 1980-1982 (or 1981-1983) even if the world market price for energy and raw material resources had remained constant throughout the simulated period.

The structural crisis increased to a considerable extent the destructive power of the cyclical crises of the 1970's-start of the 1980's and contributed to the accelerated growth of the rise in prices and the increased instability in the sphere of world-economic relations. Actual estimates of the scale of this impact depend to a considerable extent on the premises at the basis of the model: the simulations per the model of the United States conducted by the Economic Cycle Department permit the conclusion that, say, the fall in investments in machinery and equipment (in 1972 prices) in the course of the 1974-1975 crisis would have been approximately one-fourth less had the development of the crisis not been preceded by the spasmodic increase in the price of oil (5).

The following circumstance would seem material here. The main role in the additional reduction in production and investments brought about by the structural crisis is performed not by a winding down of operations in the sectors which are the immediate consumers of the resources whose costs have risen but the overall reduction in consumer demand influenced by the fall in real income and the accelerated increase in real interest rates. For this reason the impact of the structural crisis for a certain interval of time following the "price shock" continues to intensify as the mechanisms linking the price of imported raw material with the movement of final demand and new capital investments come into play.

The outbreak of the structural crisis represents a serious upheaval of the entire world capitalist system of the division of labor. This outbreak (like any world crisis) intensifies the trend toward the synchronization of national cycles. It does not end here, however. As of the time of the outbreak of the crisis the very trend toward synchronization begins to experience the influence not only of cyclical but also structural factors. The capitalist states are involved in the system of the international division of labor to a dissimilar extent and they reacted to the "price shocks" with a differing degree of intensity and did not always find similar methods of adaptation to the new situation. All this frequently contributed to the growth of elements of asynchronism in the process of subsequent cyclical development.

The price changes in the course of the structural crisis entailed an appreciable redistribution of income. Oil company profits increased. The rental income created in

extractive industry swelled particularly rapidly. The changes in the system of the distribution and redistribution of surplus value were reflected inauspiciously in the conditions of the self-growth of industrial capital and at the same time in the possibilities of the financing of new investments from intrinsic resources. At the same time, on the other hand, the urgent restructuring of the production process required additional financial resources.

The increased demand for loan capital and the growth of inflation connected with the sharp increase in the costs of the subjects of labor contributed to the accelerated growth of real interest rates. The rapid growth of industrial companies' debt spurred a cyclical increase in the burden of interest payments. In this connection the strain in the system of private finances had increased by the end of the upturn more strongly than before. The development of new trends on the loan capital market and the intensive redistribution of resources between various types of credit institutions created the conditions for an appreciable modification of the cyclical processes unfolding in the credit-monetary sphere. At the same time the destructive consequences of the structural crisis were reflected most unpropitiously in the state of government finances.

The impact of the structural crisis was particularly graphic on the growth of the balance of payments deficit in the majority of oil-importing capitalist countries. The size of their loan transactions increased spasmodically, which contributed to a considerable extent to the growth of international debt.

The big investments of the oil-exporting countries in the securities of overseas industrial companies noticeably delayed the narrowing of the financial base of the cyclical upturn in the United States and the FRG, and the rapid expansion of the OPEC countries' imports (in the latter half of the 1970's they increased by an average of 30 percent a year approximately) weakened somewhat the impact of the protracted trend toward a lagging of domestic effective demand in the leading industrially developed countries. At the same time the processes of the recycling of the currency earnings of the oil-exporting countries engendered new sources of instability in the international financial system.

New contradictions in the sphere of domestic and international finances were revealed in the course of the latest cyclical crisis, which was accompanied by upheavals of the credit system which were the severest since the war. The 1980-1982 crisis approximated to the greatest extent, perhaps, the model of a "classical" monetary-credit crisis (although the scale of bankruptcies of private credit institutions was not, of course, comparable with what had been observed prior to the war). In the cycle inaugurated by the 1980-1982 crisis the finance-credit system has evidently been a most vulnerable sector of the capitalist economy.

Intensifying the crisis decline in economic activity and simultaneously holding back the cyclical reduction in prices, the structural crisis is thereby exerting a particularly unpropitious influence on the material position of the bulk of the population.

Macroeconomic model calculations show that the first "price shock" entailed in 1974-1975 an additional increase in the overall numbers of the unemployed of approximately 20-25 percent. The more protracted consequences of the structural crisis are ambivalent. On the one hand the processes of resource substitution which had developed accompanied by an increase in the relative significance of labor-intensive industries and a slowing of the labor productivity growth rate at the first stage limited somewhat the scale of the reduced demand for manpower. On the other, the general slowing of the rate of economic development and the replacement of old, depreciated equipment by new, more productive equipment impeded the absorption of mass unemployment even in a phase of cyclical upturn. Statistical data testify that the second trend giving rise to a relative reduction in the demand for manpower was predominant. In addition, the present stage of S&T progress is increasingly imparting to the cyclical reductions in the demand for manpower an irreversible nature.

The existence of a huge army of unemployed and the abrupt acceleration of inflation were reflected directly in the working people's real income. Model calculations testify that the surge of the price of raw material and energy resources had by 1975 slowed the annual growth of the nominal (hourly) rate of pay to approximately 1 percentage point and at the same time summoned into being an additional growth in retail prices of approximately 3.5-4 percent. The "stagflationary crises"—1973-1975 and 1980-1982—were the first postwar cyclical crises in the United States in the course of which an absolute reduction in total personal consumption was observed.

In the phase of upturn of the latter half of the 1970's the cyclical acceleration of inflationary processes "caught up" with the movement of the monetary income of the bulk of the population far sooner than in preceding cycles; it had reduced to practically nothing the growth of nominal income precisely by the time when the most important conditions for the mass replacement of fixed capital had been created. Thus the fall in the working people's real income began more often than not at the time of cyclical upturn. Its culminating phase—that in which the rapid expansion of capital investments had previously been combined with with an increase in personal consumption based on a growth of real income—was sharply weakened.

All this could testify that the interaction of cyclical and structural crises is inevitably accompanied by a further growth of the contradiction between production and consumption—such is a most important factor determining the intensity and destructive power of economic crises.

Economic crises have always been a point of departure for a redistribution of capital between sectors. The "shock" on the world oil market stimulated processes of the transfer of sums of capital in connection with the breaching and partial surmounting of the monopoly barriers which had been erected over a lengthy period around sectors of the energy complex (6).

The interaction of monopoly and competition was manifested, specifically, in the fact that the forms of the transfer of capital themselves more often than not bore a particularly monopolist coloration. Under current conditions, for example, even the giant oil companies with a turnover running to tens of billions of dollars have become a kind of "object of desire" on the part of other major firms. Such mergers contribute significant distortions to sectoral investment statistics; nonetheless, the available data permit the conclusion that in the course of the cyclical upturn of the latter half of the 1970's the share of the sectors of the energy complex in aggregate net investments grew sharply.

Thus a further particular feature of the interaction of structural and cyclical crises has been revealed over quite a lengthy interval of time. Abrupt changes in relative prices engender a trend toward an increase in the supply of resources whose costs have increased. Under the conditions of a general reduction in the economic growth rate and the developing transition to resource-saving technology this is inevitably creating the prerequisites for the structural overaccumulation of capital in the complex of sectors providing the economy with fuel and raw material resources. The interweaving of the structural and cyclical crises is thereby summoning into being new economic fluctuations, increasing the general instability of the capitalist economy.

The increase in the costs of the subjects of labor is sharply extending the range of the processes of the depreciation of capital: many types of production equipment are a fortiori for the first time proving unprofitable. Thus the need is revealed under capitalism in crisis forms for the extensive transition to new equipment and technology permitting economies in the subjects of labor.

Under current conditions the processes of the interaction of cyclical and structural crises are mediated, as a rule, by a system of measures of state-monopoly regulation. The experience of the past decade testifies that this regulation may set various goals and assume manifold forms. Nonetheless, trends which in terms of their thrust have coincided, in the main, with the market processes which have developed in the same period (and often intensified them) have been manifested the most distinctly in the sphere of economic policy since the end of the 1970's.

Thus the governments of developed capitalist countries have adopted a number of active measures for the purpose of stimulating a transition to resource-saving

technology. Together with market methods extensive use has been made here of methods of nonmarket pressure on employers and consumers (regulations in the sphere of production engineering, the maximum highway speed limit, the heating of premises and others). Government regulation has had a direct impact on the forms of movement of the industrial cycle.

A distinctive feature of the current industrial upturn is the fact that the significant expansion of production in the United States and a number of other capitalist states has been accompanied not by an increase but a reduction in the world price of raw material and energy resources. Such an intensive fall therein in a phase of industrial upturn has rarely been observed in preceding cycles. The changes which have come to light in the correlation between supply and demand and the "collapse" of prices on the world oil market in the mid-1980's reflect the reaction of the capitalist economy, separated by a relatively protracted period (in excess of one cycle), to the outbreak of the 1973-1974 energy crisis.

The accelerated growth of investments since the outbreak of the structural crisis brought into being by the tremendous scale of the crisis depreciation of fixed capital may differ appreciably from the "normal" cyclical increase in capital investments. The point being that this boom inevitably incorporates particularly intensive resource substitution under the influence of the abrupt changes in the structure of prices, primarily the developing substitution for some elements of working (raw material) and fixed capital by others. The structural crisis and, specifically, the trend toward the reduced efficiency of the use of material resources (7) born thereof are making changes to the proportions of capitalist production which, all other things being equal, contribute to an increase in the scale of cyclical fluctuations.

The serious upheavals which periodically come to light in key spheres of the world capitalist economy and the increasing amplitude of the price fluctuations are contributing to a "loosening" of the system of international economic relations.

The extent of the fluctuations of the price of raw material resources and the scale of their production is growing particularly noticeably. New, more protracted (compared with the "conventional" cyclical) fluctuations modifying appreciably the forms of cyclical development are emerging. Inasmuch as such fluctuations are of a comparatively longer nature, contrary price movements could be imposed on the course of the industrial upturn, causing pronounced differences in proximate cycles. The sharp increase in the costs of fuel and raw material resources contributed to the particularly intensive depreciation of capital in the sectors consuming these subjects of labor; the said trend was revealed graphically in the course of the 1974-1975 and 1980-1982 crises. The reduction of prices on the world market for oil and many types of raw material resources has changed appreciably

the structure of the disproportions taking shape in the world capitalist economy throughout the cyclical upturn of the 1980's. Thus the dramatic fall in the price of oil and petroleum products in 1986 brought to light new forms of the structural overaccumulation of capital; on this occasion it was attended by the depreciation of large amounts of capital, which throughout the preceding decade had been invested in the development of comparatively less profitable deposits.

The reduction in the price of raw material and energy resources is having a contradictory impact on the cyclical development of the economy. On the one hand the reduction in the costs of the subjects of labor has meant a reduction in production costs and has to a certain extent held back the cyclical surge in the price of the finished product. Together with other factors this fact has made it possible to postpone somewhat the capitalist economy's slide into cyclical crisis. The stimulating impact of these processes is limited in connection with the increased role of services and other sectors of the economy which are not major consumers of basic types of raw material in the maintenance of economic activity and slack demand for the products of a number of energy- and material-consuming industries.

On the other hand, in the course of the industrial upturn of the 1980's new forms of the interweaving of structural and cyclical disproportions connected with the giant overaccumulation of capital which has come to light in the sphere of production of the subjects of labor have been revealed. The crisis wave of the depreciation of capital has on this occasion engulfed the production capacity of extractive industry which had grown in the preceding period. A trend not only toward a relative but an absolute reduction even in production in a number of sectors of extractive industry of capitalist countries has been revealed distinctly recently. Such "scissors" in the movement of extractive and manufacturing industry could testify to an important consequence of the structural rebuilding—increased unevenness in the cyclical movement of the leading sectors of material production.

At the same time the fall in the world market price of the subjects of labor has had an extraordinarily unpropitious effect on the economic situation of the developing countries. Having limited the influx of currency receipts, the "price cave-in" has imparted a particularly dramatic quality to the already serious international debt problem. This could not fail to have been reflected in the state of the capitalist countries' credit system also. Thus in 1987 the major American banks (Citicorp, Bank of America and others) deemed it necessary to deduct relatively large sums into loan loss reserves.

The crisis of the entire system of the international capitalist division of labor which has come to light has engendered new directions of the structural rebuilding of the economy in the industrially developed countries. Yet the specific-historical characteristics of individual cycles have always depended to a great extent on which sectors

were the leading ones in the course of the industrial upturn. The question of the impact of the new stage of S&T progress on the mechanism of the capitalist cycle goes beyond the framework of this speech. However, discussion of this problem would appear extraordinarily important upon an examination of the particular features of cyclical development in the 1980's.

Singularities of the Current Structural Rebuilding (L. Nochevkina)

A political economy interpretation of the singularities of capitalist reproduction characteristic of the 1980's is complicated to a considerable extent by the close interweaving of long-term and short-term trends and the barely explicable divergence between the depth of the qualitative changes in the development of the productive forces and the varidirectional—and frequently as yet simply unclear—trends of production efficiency. This is compelling a particularly careful plotting of the most stable characteristics of the ongoing processes.

The scale and depth of the transformations currently under way in the economy of the industrially developed countries testify to significant changes in the material-technical base of capitalist production.

Structural rebuilding is not a new phenomenon for the postwar period. It occurred at the end of the 1940's-1950's at first in the United States and subsequently in West Europe and Japan. However, at that time the restructuring was implemented under more propitious conditions: a marked increase in the rate of economic growth and labor productivity, the increase in the profit norm, stable or declining prices of the subjects of labor and active investment processes aimed at the expansion of production and employment. In addition, the structural changes were of a clearly expressed sectoral nature and led to proportions between major sectors different from earlier.

The present stimulation of structural rebuilding is taking place given an appreciable deterioration in the overall conditions of the self-growth of capital. Unemployment is growing, the profit norm is declining and the correlations of the price of the subjects of labor, implements of labor and manpower are changing sharply. A relative weakening of investment activity is taking place. Capital investments are being channeled here predominantly not into the expansion but modernization of the production machinery. Finally, the restructuring is of an extra-sectoral nature and is expressed in the appearance of intersectoral complexes with new specific functions.

The current structural rebuilding is also distinguished by the fact that it is being effected against the background of cyclical, structural and sectoral crises. It is the crises which are stimulating it and maintaining the dynamism of the transformation processes, which, in turn, is increasing the instability of capitalist development.

The long-term trends in the sphere of engineering and technology and the new cost relations between basic resources have led to the mass depreciation of the production machinery in the base sectors and revealed the resource-squandering nature of the previous engineering systems. There has been a corresponding decline in their economic efficiency.

The need to maintain competitiveness predetermined the intensity of the replacement of fixed capital. The search for new technology and not additional resources—this is what is now the basis of corporate investment policy. The problem of deliverance from obsolete means of labor has become one of the most urgent. There has been an appreciable increase in the annual fixed capital withdrawal norm. For the material production sphere as a whole in the United States it constitutes 3.5-4 percent, and for the active part of fixed capital, 6-6.2 percent, compared with 5.7-5.8 percent in the preceding decade. A particularly high level of the withdrawal norm—4.5-5.1 percent (including 6 percent for the active part)—has been maintained throughout the past 10 years in Japan.

The main distinguishing features of the investment process are its modernization focus (from 60 to 80 percent of capital investments is set aside for equipment modernization and replacement) and use of the latest types of equipment and technology. At the present time they account for one-half of capital investments in machinery and equipment of the U.S. private sector compared with 25 percent in 1973.

Capacity is expanding mainly in the newest sectors. Progressive non-capital-intensive equipment is being introduced intensively in the old sectors. As a result the extensive enlistment in the economy of capital resources is being limited and the possibility of a restructuring of the production machinery without a pronounced growth in the accumulation norm is being created.

The relative and absolute decline in the price of the new types of equipment is contributing to the mass use thereof. In the period 1981-1984 in the United States, for example, the price of an industrial robot fell an average 25 percent, mainly thanks to the reduced cost of the in-built electronics. The proportion of electronic components in the total cost of machine tools with numerical programmed control has declined from one-third to one-sixth in the past 10 years. Unit net capacity cost in microelectronics and optics is declining by 30 percent annually.

Considering the growing spread of more efficient types of equipment, it is fair to maintain that S&T progress is erecting palpable barriers to a general increase in prices.

The changed nature of S&T progress is making adjustments to the formation of such an important national economic proportion as the correlation of production of producer goods and consumer products. As a whole, the

last 10-15 years have been characterized by a continuation of the previous trend toward a rapprochement of the growth rate of the two subdivisions of social production in the leading capitalist countries. A most important factor operating in this direction was the new "break-through" of S&T progress accomplished in the 1980's in the sphere of consumption. It is distinguished by the individualization of consumer items. The mass production of new consumer goods is making possible a significant reduction in the price and a corresponding expansion of the market thereof.

Inasmuch as the restructuring is occurring given a stabilization of important sectoral proportions, the problem of an evaluation of the structural transformations arises. The sectoral distribution of capital, output and employment no longer reflects to a sufficient extent the development of the process of the social division of labor. Thus granted that a relatively smooth trend toward a reduction in agriculture's share of the GNP (up to 2-3 percent by 1985 in all leading capitalist countries) has been observed, a true technical-economic revolution has occurred and the range of socioeconomic functions which it performs has expanded in this sphere. There has been an appreciable change in its appearance here (for example, in 1985 the capital availability level in American agriculture was almost double the analogous indicator for manufacturing industry).

The same thing—the increase in relative significance (in GNP and employment)—of the sphere of nonmaterial production does not adequately reflect its role and new functions in the division of labor. It is essential to view the growth of the significance of the sectors pertaining to it not only from the viewpoint of an improvement in service of the consumer as a result of the achievement of a relatively high level of labor productivity in material production but also a most important factor and condition of an increase in efficiency in material production itself. The appearance and rapid development of new types of business services and the increase in the role of the financial sphere in the acceleration of the circulation of capital are confirmation thereof. In the industry of EC countries, for example, payment for services of a production nature constituted no less than 15 percent of the value of its product by the start of the 1980's.

The current stage of the S&T revolution has altogether graphically emphasized the close interweaving of the material and nonmaterial spheres and their profound interpenetration. This particular feature is reflected most strikingly by the information complex, where the material and nonmaterial are elements of the single technological system. And, furthermore, the nonmaterial elements (software and so forth) exceed in cost terms the material part—the equipment itself. The information complex is actual proof of the unity of the labor process: productive in terms of content, participation in the process of reproduction and an increase in value, regardless of its specific form. The conditional nature of the division of social production into material and nonmaterial spheres is manifested for the umpteenth time here.

The further extension of the S&T revolution could lead to fundamentally new intersectoral formations and a change in the leader-sectors. Whereas at the present time electronics has moved up among them, in the future, with the development of biotechnology on a larger scale, the role of agriculture and the entire complex of agricultural and biological sciences and industries could increase appreciably in intersectoral combinations.

The new level of socialization of labor, the fevered search for ways to adapt to the deteriorating conditions of the self-growth of capital and the exacerbation of competition are bringing about intensive changes in the systems of the management and organization of production in the major corporations. The management sphere is generally one of the most dynamic. Its efficiency has been cultivated on the path of an increase in the independence of the production and marketing components and an easing of centralization and regulation from above at the time of economic decision-making.

The exacerbation of the problem of introduction of innovations, the increased risk at the time of transition to fundamentally different designs and, simultaneously, the objective need for the assimilation of the achievements of the S&T revolution—all this has influenced the abandonment of rigid bureaucratic systems and the formulation of new forms of mutual relations with the consumer. One such is study not only of requirements but also versions of the accomplishment of major tasks proposed by the client. Mass production to order and the growth of consumers' initiative (in the sphere of both production and personal consumption) are a characteristic feature of the current mutual relations of producer and consumer, when they share not only the benefits but also the risk connected with the application of new technology and types of products.

A most important feature of the structural changes currently under way in the capitalist economy is the fact that they are of a global nature, reflect trends common to the development of the productive forces in all countries and are contributing to the further internationalization of economic life.

The process of adaptation to the conditions of world S&T progress is of a contradictory nature. On the one hand the latest directions of the S&T revolution are making higher demands on the composition of manpower and the general conditions of production and consolidating the advantages of the leader-states. On the other, it is now that opportunities are emerging in a whole number of countries for avoidance of the traditional multistadial and prolonged industrial restructuring requiring substantial and diverse material resources, to which the rapid surge of the Asian "new industrial countries," Brazil, Mexico and so forth, primarily in the sphere of assimilation of "high technology," what is more, testifies. It is not the availability of resources but

rapid adaptation to what is new, the quality of human resources and the flexibility of social structures which are of decisive advantage now.

The global nature of the ongoing structural changes is further emphasized by such a comparatively new phenomenon as the endeavor of capitalist states to elaborate a common purposeful economic strategy corresponding to current conditions. The attempts at international coordination have been unfruitful as yet, but nonetheless testify that the fate of the structural rebuilding of the capitalist economy will be decided to a growing extent on the paths of the internationalization of economic life and in the orbit of the world market.

The differences in the scale and dynamics of the structural transformations in different countries are increasing the unevenness and instability of capitalist development. The aspiration of the leading states to secure for themselves leadership in world S&T progress, which is leading to an exacerbation of the contradictions both among the three centers of imperialism and between the developed and developing countries, is growing.

In turn, the dissimilar depth and speed of the transformations of various spheres of the economy and elements of the productive forces are also nurturing the instability of economic dynamics and engendering new structural and economic crises.

An analysis of the mechanisms of the long-term structural changes and recognition not only of what is happening but how represent a most pertinent task of political economy.

Footnotes

1. Neither the nature of the structural crises nor the range of phenomena and processes which may be characterized by the term "structural crisis" are examined here—these problems continue to be discussed in *Memo*. Of the entire diversity of structural crises, only the serious upheavals of the world capitalist economy which have occurred in recent decades, primarily the energy and raw material crisis, have been highlighted.

2. For this reason comparisons "directly" of cyclical and structural crises like the following are not always successful: "in terms of its scale and depth of impact on the country's economy the energy crisis is comparable to and, possibly, greater than the biggest cyclical production crises" ("Problems and Contradictions of the American Economy," Moscow, 1978, p 296).

3. We should, however, make the reservation that the interaction of structural and cyclical crises could not be confined merely to market factors. The "turbulence" in the sphere of market relations typical of a cyclical crisis at times when the structural crisis had become particularly acute was accompanied by an upheaval of the

market mechanism itself and a transition to this form or the other of nonmarket regulation (the direct rationing of petroleum products, for example).

4. Thus the relative raw material commodity price index in the United States in 1973-1975 continued to rise for a further two quarters approximately after the low point of the crisis had been reached.

5. This question is studied in more detail in the work "Model of the U.S. Economy," IMEMO, 1985, pp 168-178.

6. The regularity noted by K. Marx was manifested particularly noticeably in these processes: the equalization of the profit norms itself could entail a crisis; "the crisis itself could be a form of equalization" (K. Marx and F. Engels, "Works," vol 26, pt II, p 580).

7. It is, understandably, a question of efficiency indicators computed in terms of the end product.

COPYRIGHT: Izdatelstvo TsK KPSS "Pravda".
"Mirovaya ekonomika i mezhdunarodnyye
otnosheniya", 1987.

8850

More Speeches from Conference on Crises of Capitalism

18160003g Moscow MIROVAYA EKONOMIKA I
MEZHDUNARODNYYE OTNOSHENIYA in Russian
No 11, Nov 78 (signed to press 14 Oct 87) pp 117-123

[Speeches at plenary session of Current Features of the General Crisis of Capitalism Conference* by Grigoris Farakos, member of the Communist Party of Greece Central Committee Politburo and political director of the newspaper *Rizospastis*, and Bernard Marx, member of the French CP Central Committee]

[Text]

Grigoris Farakos

The communist movement is encountering new, complex and multilevel phenomena requiring new approaches. We frequently recall today V.I. Lenin's words concerning the complexity of the changes in the modern world, which "could not have been encompassed by... 70 Marx's even" (1). Armed with Marxist-Leninist methodology, Marxist scholars are making an in-depth study of these changes. And, naturally, the collective exchange of opinions at such conferences is necessary and useful.

All the problems discussed at the conference are without exception of significance for the Greek communist movement. But I shall dwell merely on some of them connected with the current phenomena of the general crisis of the world capitalist system.

In the 1970's and right up to our time a new qualitative phase has come to light in the general crisis—the further exacerbation thereof. The changes which are being observed in the structures of present-day capitalism encompass the productive forces and are spreading to various aspects of production relations.

In our country, a country of mid-development capitalism, the system of relations of state-monopoly capitalism has taken shape since the war. Its principal feature is manifold dependence on imperialism. Originally state-monopoly capitalism contributed to the accelerated development of the productive forces, but this development was not stable and was accompanied by severe social and political consequences: in the social sphere, by an unprecedented increase in the degree of exploitation of the working class, in the political sphere, by the domination of authoritarian, and for a certain period (1967-1974), by dictatorial forms of government also.

State-monopoly capitalism has intensified the contradictions and increased the chronic structural problems of the economy and ultimately led to a long-term economic and social crisis of a structural nature. This crisis permeates all walks of social life. The question arises: will our country follow the path of dependent state-monopoly development, even if in a somewhat modified form, or will it take the path of development of the new type signifying a break with the system of state-monopoly capitalism?

Undoubtedly, the main role upon an analysis of this problem belongs to the internal processes of capital accumulation and the contradictions which accompany it. Non-Marxist concepts may be divided here into two main groups. The first is the bourgeois concept according to which Greece is a country of proprietors and wealthy entrepreneurs with an open post-industrial (read: de-industrialized) society; a country in which there are no monopolies and classes. And the second is the petty bourgeois concept, whose supporters believe that the petty bourgeoisie is predominant in the country and that small family business will thrive and deproletarianization will take place in Greece in line with de-industrialization.

We do not ignore these erroneous concepts. They are the result of the development of capital and bear the imprint of singularities connected with the relative lagging of capitalism in Greece.

In our country capitalism is employing the new technology, but doing so in an entirely unsuitable manner. Given a superconcentration of capital, there is a shortage of currency resources. A trend toward internationalization is observed, but there are simultaneously forms in which this trend is manifested (the drain of profits and so forth) which are "immature" from the viewpoint of capitalism.

The exacerbation of the contradictions is decisively influencing the reproduction and development of the main productive force—man. Public education is at a low level. General and specialized education correspond inadequately to current requirements. The standard of research—both basic and applied—is extraordinarily low. The government allocates only 0.3 percent of the budget for research. The living standard is declining constantly. The rights of the working people, their participation in production and worker control do not correspond to present requirements. Environmental protection is underestimated. The spiritual values and cultural traditions of our people are running short.

The role of external, international factors has always been significant for our country. We proceed in the evaluation thereof from Lenin's analysis of imperialism with regard to the new trends and processes characteristic of international life, particularly in the last two decades. The economic, political and social life of Greece is connected most closely not only with the two groups ("northern" and "southern") within the EC and individual countries of the Community but also with the three main centers of present-day imperialism with all their contradictions.

I shall not dwell specially on a description of the centrifugal and centripetal forces which operate among these three centers but will merely recall the evaluation made of them in the CPSU Central Committee Political Report to the 27th CPSU Congress: "Undoubtedly, the confrontation of centrifugal and centripetal trends as a result of the changes in the correlation of forces will continue in the system of imperialism. It is difficult to expect that the current complex economic, military-political and other common interests of the three 'power centers' could be severed under the actual conditions of the modern world. But Washington cannot expect within this complex the unquestioning obedience of competitor-allies to the American diktat, to the detriment of their own interests even less." How is all this being manifested in our country? Two parallel processes are operating in Greece.

On the one hand external factors are becoming an integral part of the reproduction of capitalist relations. This process is expanding, encompassing to this extent or the other the entire functioning of the bourgeois state and affecting each sphere of social life. On the other, important aspects of the regulation of our domestic life are being transferred to the jurisdiction of EC authorities and other international imperialist organizations and institutions. Both these trends are creating the basis for new forms of dependence on the West European center of imperialism.

Such a development of events is having particularly severe consequences for the Greek working people. Their interests are being suppressed, as Marx put it, by the "Masonic Brotherhood" of capital (2). The policy being

pursued by governments, conservative primarily, is contributing to the exacerbation of the crisis and a deterioration in the country's development. But this applies to the policy of the PASOK Party also, which has been in office since 1981.

An attempt has been made in recent years to modernize the activity of the bourgeois state. As a result there has been an increase in its economic functions, particularly concerning participation in production and redistribution of the national income. But, of course, the content of this economic activity has remained the same. The state has functioned as the "absorber" of some of the consequences of the crisis. Whence the swelling of deficits, the burden of which ultimately falls on the working masses. In the struggle for the solution of urgent problems they are coming into direct conflict with the state and the methods and focus of its activity.

It should be noted that trends toward privatization of the public sector, its greater adaptation to the needs of monopoly capital, the creation of new state-monopoly complexes, the application of measures of an openly conservative nature and a strengthening of the ideological impact of the bourgeois state have been gathering momentum recently.

The problem of the country's development and our social evolution demand the renunciation of neoconservative and bourgeois-reformist tenets. Only the Communist Party of Greece and, as a whole, the forces of the left can offer effective solutions of major socioeconomic problems. Our party actively advocates the unification of all left and progressive forces for the purpose of the formation of a political alliance capable of assuming office and realizing a development program of a qualitatively new type. It is a question of a whole set of radical reforms aimed against the omnipotence of the monopolies and imperialism, reforms promoting our country's advance toward socialism.

The implementation of economic, political and social transformations requires a change in the type of Greece's participation in the international division of labor. At the same time, on the other hand, the crisis of dependent state-monopoly capitalism is restricting the opportunities for maneuver. Measures to protect national production, establish price controls and assert independence in foreign policy are for this reason becoming a subject of the most acute struggle.

In the process of the struggle, a decisive contribution to which has been made by the communists, an understanding of the need for profound changes is maturing in the consciousness of the people's masses. They are linking these changes with the possibility of the assumption of office by a democratic government, which would be an organ of management and simultaneously an organ of the social forces advocating change. This government would implement the joint program of forces of the left.

Our own experience, like international postwar experience also, permits the conclusion that such a program cannot be simply the "common denominator" of the positions of the forces which compiled and support it. It must contain the measures necessary for an appreciable change in the country's course. Simultaneously it will not be some set of invariable measures predetermined in advance. On the contrary, it must provide for a dynamic set of changes, whose realization will depend primarily on the level of development of the popular movement and the overall correlation of forces in the country.

Forming a political union of forces of the left is possible only in a struggle for the unity of the working class and the creation of broad social alliances. Whence the need for an evaluation of the influence which is being exerted by the crisis and the S&T revolution on the class structure, the position and policy of various social organizations and people's consciousness.

An analysis of the changes occurring in the class structure of our country leads us to the conclusion that considerable differences are emerging within the working class. The army of unemployed is increasing. Partial employment and work at home are spreading. The crisis and the application of new technology are creating different living conditions (whence also a different level of consciousness) among the working people of various sectors, enterprises and specialties.

The economic crisis and the socioeconomic changes are objectively broadening the opportunities for an alliance of the working class primarily with the traditional middle strata of city and countryside and also with the new strata formed of wage workers. This factor is of great significance for our country, where the intermediate strata incorporate 38 percent of the economically active population. Monopoly capital is endeavoring in every way possible to preserve and extend its influence on these strata. For this reason persistent political and ideological work is needed for the unitary sentiments to acquire a political expression.

Our party advocates cooperation (and is cooperating) with various political forces. This is why we deem perfectly possible the formation of a political union of forces of the left on the firm foundation of the unity of the working class and the mass popular movement.

Our struggle for changes is being conducted under the specific conditions of a complex and diverse world. The national and international aspects of this struggle are dialectically interconnected. We are aware that the significance of international factors is growing. This has been brought about primarily by the intensification of the struggle in defense of peace and for the prevention of nuclear catastrophe. A contribution thereto may be made not only by large but also small countries like ours.

Greece's contribution to the struggle to make the Mediterranean a zone of peace and for the creation of a nuclear-free zone in the Balkans, for example, is well known.

The struggle for changes in our country incorporates also the struggle against the growth of military spending connected with membership of NATO. On the pretext of defense of its political and military interests this bloc is erecting additional barriers in the way of Greece's development. For this reason importance is attached to the removal of American and NATO bases from our country, which, aside from all else, are being used as a lever of pressure on the foreign and domestic policy of the Greek Government.

It has to be noted that membership over the past 6 years of the EC has made worse, and not improved, as its supporters maintain, Greece's international position. For this reason the communists have concluded that our country should opt for other ways of participating in the international division of labor. Whence the need to struggle against EC membership and demand withdrawal from the Community. Simultaneously the Communist Party of Greece expresses a willingness to cooperate with left and progressive forces of the Community countries.

Bernard Marx

In the search for a way out of the crisis leading circles of the financial and industrial monopolies and governments of capitalist countries are seeking ways to modify the methods of exploitation of the working people and the forms of domination of the economic and financial oligarchy.

A policy of curbing the wages and an offensive against the gains of the working people is being pursued in all capitalist countries. As a result the profits of the capitalist monopolies are growing. A certain revitalization of economic growth may be observed in a number of countries, particularly in the United States. But contradictions, tension and international antagonisms are increasing simultaneously. Unemployment has grown in capitalist countries. There is today every reason to maintain that capitalism is heading toward a new intensification of the crisis.

In France the failure of the strategy of the union of parties of the left was connected with an intensification of the crisis. As is known, the Socialist Party adopted, albeit with certain alterations, the policy of monopoly forces, a policy of austerity and an offensive against the social gains of the working people. Both France's position as a major industrial country and its independence were thereby put in jeopardy. In our opinion, the experience of recent years confirms the soundness of the

evaluation of the current crisis as a profound structural crisis of state-monopoly capitalism made at the end of the 1960's by the French economist P. (Bokar), member of the PCF.

Taking into consideration the tremendous experience of social and political struggle accumulated in recent years in the course of the development of the crisis of state-monopoly capitalism, the PCF has adopted as its strategic line a policy of the unification of various strata of the working people and the population of the country to combat the offensive of capitalist forces and put into practice revolutionary changes aimed at building "socialism French-style".

I shall dwell briefly on certain central issues. The first is technological modernization and the use of new technology in production and, consequently, the problem of investment. All this directly concerns the most important problem of the efficiency of capital investments.

Great significance for study thereof is attached to the data obtained in the course of a survey in 1983 by the Credit National bank of two groups of enterprises distinguished by degree of innovation activity. The indicators of the efficiency of capital expressed by the ratio of value added to the value of all capital were far higher at the enterprises making extensive use of technological innovations.

However, the growth of spending on research, the development of vocational training and the higher per-worker wage rate connected with the high qualifications of the workers are reducing the financial-economic profitability of these enterprises. Whence capitalists' endeavor to reduce the number of persons employed. Whence, on the other hand, the negative consequences for the growth of production, sales markets, government revenues and, finally, the efficiency of capital investments itself.

The introduction of new technology is of tremendous significance from the viewpoint of the working people's social position. The S&T revolution is demanding the development of the intellectual nature of labor in all sectors of social production, and, consequently, the spending on employment, research, vocational training, an upgrading of skills and an improvement in work conditions should be regarded as necessary costs on the scale of all of society.

In reality, however, the number of employed persons and their pay are being cut, and priority is being given, as before, to the substitution for labor of capital and a reduction in manpower costs. A squandering of resources and the growth of violations in the functioning of enterprises connected with superexploitation and the cutback in employment are most important factors of the fall in the efficiency of capital investments.

At the current stage of the technological revolution information (it is a question not only of science and technology but also information at economic management and investment decision level) is becoming a principal sphere of activity for the national economy and society. Objective conditions require the free circulation of information and the mass mastery of knowhow, technology and economic management categories. However, all this turns on the existence in the capitalist society of a monopoly on information and investment decision-making. The monopoly on information is by no means disturbed by the practice of the creation of "quality groups" or the working people's "participation" in enterprise financial profits. Such contrivances are aimed at integrating the working people more successfully in the process of an intensification of their own exploitation.

The development of services and the emergence of new sectors thereof contributing to the increased efficiency of the decisive industries are being impeded by a shortage of government money and the resources of the production sectors themselves and also the negative influence of the capitalist criteria of profitability of the service sphere.

The second problem which I would like to touch on is the crisis of financial relations. The unprecedented expansion of financial transactions is increasing the contradiction between the need for resources for the genuine needs of society and speculation swallowing up a mass of capital. The expansion of the sphere of financial transactions is being accompanied by the development of deflationary trends connected with the constant pressure on wages and employment.

To increase the profitability of already overaccumulated capital employers are cutting expenditure on wages. The proportion of the amount of the wage in enterprise value added in France has declined 6.5 percentage points since 1981, whereas profits have more than doubled.

Enterprise profits and resources obtained from external sources of financing are being diverted to an increasingly great extent from productive use. According to the latest OECD market report on France, the proportion of investments in financial transactions in the sum total of enterprise spending grew from 2.6 percent in 1979 to 33.6 percent in 1985. The report emphasizes that the demand for credit is considerably in excess of enterprise requirements for financing productive capital investments.

For a number of recent years the strategy of French firms and banks has been geared primarily to an expansion of overseas capital investments, primarily in the United States. The fall in the exchange rate of the dollar, contributing to an increase in the profitability of industries located in the dollar zone, is accelerating this movement even more. Since 1983 French capital has

invested Fr130 billion in overseas enterprises. In 1986 alone the export of capital in the form of investments grew 50 percent compared with the preceding year.

Thus significant financial resources are being diverted from domestic needs. At the same time productive capital investments in France are not only insufficient but also inefficient. Production capacity has not grown since 1980. The efficiency of actual productive capital, according to data of the National Statistics and Economic Research Institute, is declining by 4 percent annually.

The failure of the Keynesian policy of stimulation by way of government financing of capital investments is obvious. The nationalization pursued by the socialist government was put essentially at the service of capital. The Fr60 billion of government money paid to the employers were channeled not into an increase in production but the elimination of 100,000 jobs, a reduction in production capacity in the country and so forth.

Whence the emergence of serious difficulties for the national economy. This has meant a loss of a number of markets, a budget deficit and external deficits, a weakening of the national monetary unit and, consequently, a rise in real interest rates, the level of which in France is now one of the highest among the industrially developed countries.

In the search for ways out of the difficulties, which are characteristic not only of France, the government is limiting spending on social needs and social services, privatizing the nationalized enterprises and other forms of government property and lifting controls on currency transactions. The personal savings of the population, which with the help of various methods are actually being used to increase the profits of transnational finance capital, are being attracted to the financial markets.

All these measures are merely complicating the problems. The government is losing control of its monetary and budgetary policy. In fact transnational groups exercise control of all national resources.

The working people's intervention in the use of resources aimed at their withdrawal from the sphere of financial speculation is an immediate demand of the social struggle. It is essential for this to create the foundations of decentralized, contractual social control on the part of the workers, elective bodies and unions which provide for the efficiency of financing at the enterprises and on a countrywide scale. This applies particularly to the nationalized enterprises and the social service sphere.

The acceleration of financial growth to the detriment of real growth and employment is the result of an exacerbation of the struggle for economic domination and the development of interimperialist antagonisms. The recent upturn in the United States has led to a tightening of the

curbs on wages and mass dismissals in West Europe aimed at compensating for the financial plunder of the United States, which by means of a policy of high interest rates has been attracting capital from other countries.

Since 1985 the United States has been attempting to reduce its huge deficits with the aid of a lowering of the dollar's exchange rate. At the same time, however, it is endeavoring to avoid too sharp a fall therein for it needs to attract capital to finance its budget deficit. The policy being pursued within the framework of the recent currency agreements is oriented toward the interests of the United States and is impeding the economic growth of the West European countries. In order to overcome the crisis serious international efforts aimed against the domination of the dollar are essential. It is a question, specifically, of the creation of a truly autonomous zonal currency organization, replacement of the dollar by the ECU and so forth.

Under Washington's thumb, French ruling circles are sacrificing fundamental national interests, pushing our country onto the path of de-industrialization and the neglect of agricultural zones and assigning France a secondary place in the international division of labor, consenting to the colonization of our key sectors by the TNC.

In addition to transformations geared to the creation of the conditions for economic growth in each country the peoples need peace. France must join in the struggle therefor also. The movement for a halt to the arms race, for peace and disarmament and for a new type of international relations occupies a central place in the struggle for a way out of the crisis. Tremendous significance in this sphere is attached to the Soviet peace initiatives. The activity of French communists is aimed at the unification of all forces opposed to nuclear death and at ensuring that our country not be party to the arms race but struggle for an end thereto.

The restructuring under way in the USSR and the endeavor of the Soviet Union and other socialist countries to make full use of the tremendous development potential will lead to an expansion of mutually profitable relations, which could lead to a way out of the crisis. We will struggle for an expansion of trade with the socialist countries. In West Europe we are advocating the development of the cooperation of states of the region, but are opposed to France's increased dependence. We are against participation in the SDI program, which affords additional opportunities for the TNC's offensive against our markets.

The policy being pursued in France within the framework of cohabitation of a socialist president and a government of the right is disastrous for the country. The decisions adopted in the economic and social spheres are giving rise to a stratified unstable society in which inequality reigns and poverty is on the rise. This policy

does not have the people's approval. The scale of the social battles is becoming increasingly extensive. Hundreds of thousands of high school students and undergraduates demonstrated against the increase in tuition fees, civil servants have rebuffed the offensive against their rights and wages and the movement against the concentrated offensive against social security is strengthening.

Of course, the significance of this struggle cannot be exaggerated. But mobilization of the people's masses could lead to the creation of a broad association capable of ensuring a way out of the crisis on the paths of the building in France of a socialist society, which is our goal.

Footnotes

* Continued. For beginning see Nos 6 and 7 for 1987. The speeches have been abridged for publication.

1. V.I. Lenin, "Complete Works," vol 18, p 345.

2. See K. Marx and F. Engels, "Works," vol 25, pt I, p 217.

COPYRIGHT: Izdatelstvo TsK KPSS "Pravda".
"Mirovaya ekonomika i mezhdunarodnyye
otnosheniya", 1987.

8850

West Europe-USSR Trade Problems

18160003h Moscow MIROVAYA EKONOMIKA I
MEZHDUNARODNYYE OTNOSHENIYA in Russian
No 11, Nov 87 (signed to press 14 Oct 87) pp 131-133

[A. Pokrovskiy, V. Savin review: "The Criterion—
Mutual Profitability"]

[Text] The group monograph in question* belongs to the "USSR's Trade and Economic Relations With the Capitalist and Developing Countries" series collating the results of Soviet research in the USSR Academy of Sciences IMEMO. The work continues the numerous studies conducted earlier in this field, however, as distinct from them, sets as a goal, first, a comprehensive approach to an analysis of the chosen subject and, second, an evaluation of the state and prospects of economic cooperation at the current highly contradictory moment of European history. It is also of considerable importance that the subject of the study is both the region as a whole and individual countries.

The role of trade and economic relations with West Europe for the USSR is determined primarily by the fact that this group of states accounts for approximately four-fifths of the total amount of our foreign trade with developed capitalist countries. So significant has been

West Europe's share of the USSR's trade in recent decades that it reflects the effect of long-term political, economic, geographical and other factors.

A substantial foundation has been created for mutually profitable trade and economic exchange between the USSR and the West European countries, to which the relaxation of international tension, the results of the Conference on Security and Cooperation in Europe and the Soviet Union's numerous initiatives aimed at an improvement in international relations contributed to a large extent. These relations are now developing on a firm treaty-legal basis. The USSR has long-term cooperation agreements and programs with many of these states.

As the authors of the monograph observe, the said relations are developing under conditions of a certain interdependence and mutual profitability. For this reason any restrictions on the part of the West, discrimination and unpartner-like behavior cannot cancel out the general trend toward internationalization of the economy and they harm primarily their sponsors themselves.

The composition of the book is logical. General questions of cooperation, its political and economic aspects and the alignment of forces in the West on questions of economic relations with the USSR have been chosen as the subject of study initially. There is then an analysis of the current stage of the development of trade and economic relations. Then the reader is offered a survey of economic cooperation from an area angle. The work culminates in a chapter on the USSR's participation in all-European economic cooperation.

The study is distinguished by thoroughness of historical analysis. In a number of instances the authors demonstrate rare observation and a bent for interesting generalizations. For example, we have to agree with the observation that "intersystem relations have been more resistant to the influence of economic crisis than all of world trade" (p 18). The authors share the original viewpoint of E. Pletnev, according to whom there is possible at the "intersection" of the two systems "merely the effect of some neutral economic regularity like the law of value, for example. This law has historically manifested its impartiality and adaptability to different modes of production. It now appears in the sphere of worldwide dealings as the representative, as it were, of whole systems of economic laws inherent in the two modes of production contending in the international arena..." (p 29).

Progressive ideas may be found in the monograph also, which is particularly valuable at the present time, when an intensive quest is under way for the best forms and methods of the development of relations with foreign partners. Thus, the authors believe that not only new but also the latest forms of cooperation are now essential (pp 26, 58) and that the criterion of production efficiency

should be conformity "not only to national but also international standards" (p 33) and support the use of large-scale global projects on a multilateral basis (pp 320-321).

Naturally, there are shortcomings and inaccuracies. We cannot fail, for example, to note a certain bias in the selection and presentation of the material. Although, as follows from the title, the book is devoted to questions of the Soviet Union's trade and economic relations with West European partners, the impression is given that more attention has been paid to problems of the latter. One feels that it was written by specialists on West Europe, and as a result many intrinsically Soviet aspects of cooperation have been illustrated in brief, in passing, as it were.

In a number of places the authors' fault is one of bare description. This reproach applies primarily to the "area" chapters. In general, the substantive information here has been well systematized, as a rule, but is far from always accompanied by an in-depth analysis of urgent problems.

Many parts of the work mention perfectly justly the salutary impact of supplies of national export products to the West European economy. It is usually a question of the raw material and fuel spheres here. It would seem that in this case an indication too that the purchase of highly productive types of machinery and equipment also would be just as useful for our partners would have in no way been inappropriate. The evolved cliched evaluations in this sphere are by no means in the interests not only of the Soviet Union but its contracting parties also.

There is no shortage in the book of declarations concerning the mutual profitability of the cooperation at issue. However, bearing in mind the fact that there are still many people in the West who do not believe in the usefulness for themselves of such relations, it would have been reasonable to have adduced specific examples of computations and other appropriate proof.

The authors' use of the "economic cooperation" concept, to which they attribute, specifically, cooperation on a compensation basis, is barely justified. Incidentally, the vagueness of the content of this word combination has led to even less acceptable variants: "economic or investment cooperation" (p 164), "economic, or investment, cooperation" (p 242) and "economic, that is, investment, cooperation" (p 324). The correlation of the industrial and economic cooperation concepts remains undefined here.

There are individual inaccuracies in the text. Page 32, for example, adduces overstated data, in our opinion, on the export quota in the gross social product and produced national income of the USSR. It transpired, according to the authors' calculations, that in 1983 this quota constituted 23.3 percent of produced national

income. A dual error has been made, evidently: first, not the value of exports but the value of commodity turnover with the inclusion of imports was attributed to national income; second, it was not taken into consideration that the published indicators of national income and foreign trade are expressed in the Soviet Union in different price systems.

It is reported on page 30 that, according to estimates, the orders of the USSR and other socialist countries "provide work in the industrially developed states for approximately 2 million persons". The figure is understated, we believe: additional employment merely at the final stage of production of the product for export is considered here, evidently. If, however, the number of persons employed in all phases of production in the economy of capitalist countries is taken into account, the figure is higher.

Although page 50 cites a reference to authoritative sources, the assertion that "cooperation on a long-term and large-scale basis, in the industrial development of the Kansk-Achinsk fuel and energy complex for the purpose of the production of liquid fuel, in the production of oil and gas on the continental shelf in the Barents Sea and in the development of the forest resources of Siberia included, is expanding" nonetheless would seem unduly optimistic, in our view. Indeed, in respect of these projects negotiations have been conducted with a number of firms which have yet to culminate in the conclusion of specific large-scale agreements. In addition, certain specialists believe that individual projects (the compensation deal, for example, in respect of the production of liquid fuel based on Kansk-Achinsk coal) are altogether highly dubious owing to economic and engineering considerations at least today and in the immediate future.

Pages 125-126 discuss compensation deals, including production cooperation "in the auto industry, for example". As far as we know, no such project as yet actually exists, although it was a subject of negotiation at one time.

We believe that when extensively enlisting Western sources it is necessary to verify the facts and figures more carefully from domestic documents.

We would note that our critical and at the same time constructive approach is brought about by the new, enhanced level of the demands on modern research into international economic relations. In addition, the monograph in question is devoted to serious, complex problems which still await solution. The interested reader will undoubtedly benefit from reading this book.

Footnote

* "SSSR-Zapadnaya Yevropa: problemy torgovo-ekonomicheskikh otnosheniy" [USSR-West Europe: Problems of Trade and Economic Relations]. Exec. eds. V.N. Shenayev and Yu.V. Andreyev. Moscow, "Mezhdunarodnyye otnosheniya", 1986, 352pp.

COPYRIGHT: Izdatelstvo TsK KPSS "Pravda".
"Mirovaya ekonomika i mezhdunarodnyye
otnosheniya", 1987.

8850

**FRG Book on Social Impact of Bundeswehr
Rearmament**

18160003i Moscow MIROVAYA EKONOMIKA I
MEZHDUNARODNYE OTNOSHENIYA in Russian
No 11, Nov 87 (signed to press 14 Oct 87) pp 133-136

[V. Varnavskiy review: "The FRG: Guns Instead of
Butter Once Again?"]

[Text] As of the start of the 1980's the devotees of power politics and confrontation in Washington and a number of West European capitals have essentially consigned to oblivion the historic Helsinki Act and begun to "call the tune" in the formulation of their countries' foreign policy and military-political course. While having paid lipservice to an aspiration to prevent new twists of the arms race spiral and "ensure greater security with a lesser quantity of weapons," the H. Kohl right-liberal government which assumed office in the FRG in 1983 has been increasing militarist preparations step by step. It succeeded in pushing through the Bundestag the NATO decision on the deployment of American first-strike nuclear missiles on West German soil and casting off the last "shackles" of the restrictions imposed back in 1955 on the production in the country of all types of nonnuclear arms. The Bonn leadership was one of the first West European governments to sign an agreement with Washington on participation in the SDI program. It is currently pushing in leading Western circles the idea of the creation of its European analogue.

Having shown itself a "worthy" successor of the militarist traditions of the K. Adenauer first West German government, which created the Bundeswehr and associated the FRG with NATO, the H. Kohl cabinet gave the armed forces on the eve of their 30th anniversary (1985) a kind of gift—a long-term rearmament program geared to the period up to the year 2000. It provides for the military the latest weapons systems capable of hitting the second and third echelons deep into the defenses of the socialist community countries and performing other assignments within the framework of NATO's "Rogers Doctrine". The military-industrial concerns and research centers are thereby assured orders for the long term, subsidies, tax and other concessions and superprofits.

But what does this rearmament program contain for ordinary citizens of the FRG, the working class and the youth, the millions of poor, needy and homeless and the army of unemployed? What kind of burden will it be for government finances and economic growth and the government's structural and regional policy? Where and on what planes are specific alternatives to the arms race? These and other important questions are examined in

the monograph of J. Huffschnid, W. Voss and N. Zdzrowomyslaw "New Arms—New Poor: the Rearmament Program and the FRG's Military Industry up to the Year 2000".* Its authors—progressive West German scholars—are members of the Disarmament Working Group organization, which unites fighters for peace and disarmament.

We would note that this book is the third work published in the 1980's of the group of authors led by J. Huffschnid, professor of economics at Bremen University. They are all united by a single goal—showing the negative socioeconomic consequences of the imperialist arms race and the reactionary essence of the military-industrial complex and ascertaining specific ways of converting military production in the direction of the manufacture of peaceful products. The work in question illustrates a number of pertinent problems of the current development of the West German economy and society which have now assumed particular seriousness and significance.

The scholars put among them the problem of "new poverty," the appearance of which is connected not least with the accelerated growth of arms production and the deterioration in the conditions of social reproduction in the country in the 1980's. The "new poor" is not simply a fashionable word combination but very harsh reality. The facade of the outward, showcase prosperity of society conceals the desperate position of millions of people, want and indigence. There is a record growth in unemployment, the working people's real income is declining and the army of the "new poor" is increasing in the country. The latter is being supplemented by many of those who only yesterday considered themselves representatives of the "middle strata" with food and a roof over their heads and a job. Thrown onto the street by the employers, these people are on a par in economic and social position with those who were born in poverty and who have dragged out a miserable existence "through inheritance," so to speak. "Poverty has now become a mass phenomenon affecting over 5 million inhabitants of the FRG," the book observes (p 9).

The authors comprehensively examine various aspects of the problem of "new poverty" connected with the arms race. The connection of the social dismantling and the militarization of the economy is reflected directly in the redistribution of national income by means of the budget. An analysis of the changes in the correlation of military and social government spending in the federal budget made it possible to ascertain and confirm by realistic estimates the main trend of the H. Kohl cabinet's budget policy. There is a disproportionately high growth of military spending given a slower increase or a reduction even in the most important types of social spending. The narrowing of the sphere of sociopolitical maneuver of the West German state in the 1980's has been observed not only in periods of the greatest decline

in business activity but in all other phases of the economic cycle also. Given the absence of conditions conducive to economic development, we read, "military spending is beginning to compete with other types of government spending. It can no longer grow in parallel with an increase in social spending. Military projects are beginning to be financed exclusively to the detriment of social programs" (p 62). As shown in the work, the budget of the FRG Federal Ministry for Youth, Family and Health Affairs declined in the period 1980-1985 almost 15 percent, and of the Ministry of Education and Science, 6 percent. At the same time, however, Defense Ministry spending increased 26 percent (p 60).

A significant part of the monograph is devoted to a description of the main components of the FRG's military-industrial complex, which is responsible for the arms race, the exacerbation of economic problems and the deterioration in social living conditions. The MIC is defined here as a "firm 'triple' alliance of military-industrial concerns, the armed forces and the machinery of state elaborating military policy" (p 128). A comprehensive investigation of the monopoly associations in the military-industrial sector of the economy is made, their proprietors are described and historical references are quoted. Greater attention is paid primarily to the concerns which, oriented toward obtaining huge orders within the framework of the new Bundeswehr rearmament program and endeavoring to consolidate their positions in the competitive struggle with the West's biggest military-industrial firms, sharply stepped up their activity in the mid-1980's. "The planned Bundeswehr rearmament," the book notes, "has set West German military industry in motion. The process of the concentration and centralization of military-industrial capital aimed at strengthening the economic and technological positions of the leading arms producers has intensified" (p 121). A wave of mergers and takeovers of large military-industrial firms unprecedented for the FRG rolled over the country in 1984-1985. One of Europe's principal aviation-rocketry manufacturers, the Messerschmidt-Boelkow-Blohm (MBB) concern, extended its influence to the sector producing armored equipment, having bought up the block of shares of the now ex-Flick Krauss-Maffei firm. Daimler-Benz, which until recently had paid comparatively little attention to military business, "laid its hands" all at once on three of the Bundeswehr's 10 main supplier concerns—Dornier, AEG-Telefunken and Motoren und Turbinen Union—and as a result moved from 18th to 2d (after MBB) place in the country in terms of military production volume. It is these two concerns which now constitute the nucleus of the MIC.

The sharp stimulation of the West German MIC is being spurred by the arms race, prospects of obtaining vast profits therein and the aspiration to be the possessor of space-based "superweapons," bypassing the nuclear phase. The flywheel of the military machine is spinning increasingly quickly in the country in line with the expansion and increased ambitions of the MIC. No

sooner had NATO adopted the above-mentioned "Rogers Plan" (providing, specifically, for the creation of the latest nonnuclear weapons systems for striking deep into the territory of the Warsaw Pact states) than Bonn's ruling circles immediately prepared and approved a program of the long-term rearmament of the Bundeswehr corresponding thereto. The FRG armed forces, the experts emphasize, are even now receiving supermodern multipurpose weapons made by the MBB and Diehl concerns (p 43). In the 1990's the FRG Defense Ministry plans purchasing about 60,000 antitank missiles of the next generation and a tremendous quantity of missiles for destroying naval targets and also air-to-air-type missiles (pp 40, 43). Military spending even now constitutes almost one-fourth of the federal budget. Its share, the authors estimate, will have grown to a minimum of one-third by the end of the next decade, when the Bundeswehr comes to be furnished with the new generation of arms (p 80).

The book in question is distinguished by an in-depth, purposeful development of the subject. A successful attempt has been made, in our opinion, to analyze a whole number of economic aspects of the new Bundeswehr rearmament program. But the strongest aspect of the monograph distinguishing it favorably among Western studies devoted to the socioeconomic consequences of militarization and the arms race is undoubtedly the evaluation of the prospects of the dynamics of military spending up to the end of the present century. The basis of the forecast are several hypotheses concerning the possible development of the country's economy and the military sphere of government activity over the next 15 years. As a result the authors have succeeded in presenting a multi-variant picture of the militarization of the economy, military spending's share of the federal government's budget and other important indicators characterizing the burden of the arms race. They are aware here of a certain conditionality of the results obtained inasmuch as "it is a question merely of probable development" within the framework of the presented suppositions and hypotheses (p 66).

It is important to note that the experts do not confine themselves to one or two initial premises but study the problem with quite a wide-ranging set of alternatives. Thus in respect of the growth of GNP in the latter half of the 1980's-1990's they adopt four different suppositions concerning the average annual rate of increase and, in addition, two hypotheses each concerning the dynamics of government spending as a whole and military spending in particular. Thus 16 possible versions of development are studied in principle (although specific calculations are adduced in the text in respect of three scenarios: a middle and two polar scenarios). The thorough analysis concludes that "even under the conditions of the most propitious (in accordance with the hypotheses and precepts of the authors—V.V.) development of the economy... the negative consequences of the country's militarization would be inordinately great" (p

72). Given realization of the planned rearmament program, the degree of militarization of the economy understood as the ratio of resources consumed by the Bundeswehr to GNP will, the authors estimate, unswervingly rise from 2.7 percent in 1984 to 3.9-6.3 percent in the year 2000 (ibid).

The concluding sections examine alternatives to the arms race and questions of the conversion of military production. It is shown that a reduction in military spending is an important source of the financial resources so necessary for curing the intensifying ailments of capitalist society. The conclusion that "an end to continuation of the arms race in the FRG would be a step which would contribute to a lessening of international tension and the danger of a new war" sounds like a logical culmination of the work. "It would also serve as an important means of the solution of accumulated economic and social problems" (p 143).

The monograph contains a wealth of factual and statistical material on individual projects of the rearmament program, military spending calculated by various criteria, lobby organizations of the West German MIC and economic indicators of the activity of military-industrial firms. But what is particularly important—and here lies the book's sociopolitical resonance—is that answers are given here to a number of urgent questions of the FRG's contemporary development in the context of the problem of war and peace, which is now so acute. And the answers are argued comprehensively and therefore highly convincingly, what is more.

At the same time, however, the work is not free of shortcomings and inaccuracies. The authors are not entirely correct, in our view, in their interpretation of the essence of the MIC. The definition adduced above lacks, as it is not difficult to see, two important components of an MIC—an ideological machinery and militarized science. Merged with the weapons-manufacturing monopolies, the top brass and the state bureaucracy, they "have become the most zealous proponents and organizers of the policy of recklessness and aggression" ("CPSU Program. New Version"). In addition, the procedural approach presupposing the forecasting of all types of government spending and the GNP in current prices is questionable. The determination of economic development indicators in constant prices would, I believe, have enabled the scholars to avoid the need to adopt additional hypotheses concerning the rate of inflation, the GNP and military and other spending and thereby to increase the reliability of the estimates obtained.

Nonetheless, it is obvious that we have here an objective, serious and profound study of most important problems of the militarization of the FRG economy. The work is addressed to broad strata of the public of the West, the scientific community particularly, and calls for an active search for alternatives to the arms race. The authors

hereby make a useful contribution to the struggle for the preservation of life on Earth and against the aggressive imperialist policy of confrontation.

Footnote

* Joerg Huffscheid, Werner Voss, Norbert Zdwomyslaw, "Neue Ruestung—neue Armut: Aufruestungsplaene und Ruestungsindustrie in der Bundesrepublik Deutschland bis zum Jahr 2000," Cologne, Pahl-Rugenstein, 1986, 230pp.

COPYRIGHT: Izdatelstvo TsK KPSS "Pravda". "Mirovaya ekonomika i mezhdunarodnyye otnosheniya", 1987.

8850

Book on Allende's Overthrow

18160003j Moscow MIROVAYA EKONOMIKA I MEZHDUNARODNYYE OTNOSHENIYA in Russian No 11, Nov 87 (signed to press 14 Oct 87) pp 142-143

[Text] Fifteen years have elapsed since the ouster by Chilean counterrevolution of the Unidad Popular government headed by S. Allende. The preparation of and participation in this putsch will always be a most shameful page in the history of the crimes of U.S. imperialism. An analysis of the ways, means and methods of this specific example of Washington's state terrorism and revelation of the complex mechanism of the interaction of overseas and internal reaction and the criminal nature of the interference in the affairs of sovereign states are the subject of the book by F. Sergeyev "Chile: Anatomy of a Conspiracy" (Moscow, "Mezhdunarodnyye otnosheniya", 1986, 190pp).

The wealth of experience of the implantation of military dictatorships had persuaded U.S. ruling circles that an army subordinate to pro-American officers could be the force which could at the requisite moment be counterposed to the power of the people. Taking into consideration the fact that in no other Latin American country had official propaganda created such a mythology concerning the armed forces in a spirit of chauvinism and anticommunism as in Chile, Washington began back in the 1950's to implement a special program of penetration of their ranks. By the start of the 1970's this country had been granted military assistance totaling \$163 million—more than any other in the region (apart from Brazil). The practice of sending Chilean officers for a period of training in the U.S. armed forces was introduced in the 1960's. Specifically, at bases and military training centers training "high-class" punitive expedition members a number of generals and 4,000 officers underwent special training, being instructed in the techniques and methods of coups d'etat, the elimination of the opposition and so forth. In parallel the Americans expanded the penetration of all spheres of the life of Chilean society: the economy, the machinery of state, leading political parties, private employers' associations,

social organizations, the mass media and so forth. A multitude of CIA agents was sent into the country under the most varied covers. The strength of the agency's offices and the U.S. military mission in Santiago were increased sharply.... The author of the work concentrates his main attention on showing the role of this secret department, which coordinated the counterrevolutionary forces and undertook the broad-based preparation of the antigovernment military-fascist coup.

COPYRIGHT: Izdatelstvo TsK KPSS "Pravda". "Mirovaya ekonomika i mezhdunarodnyye otnosheniya", 1987.

8850

Book on FRG Workers' Movement

18160003k Moscow MIROVAYA EKONOMIKA I MEZHDUNARODNYYE OTNOSHENIYA in Russian No 11, Nov 87 (signed to press 14 Oct 87) p 143

[Text] A serious discrepancy persists in the citadels of modern capitalism between the objective and subjective aspects of revolutionary development: the maturity of the material-technical and socio-structural prerequisites of socialism on the one hand and the capacity of the working class and its allies for accomplishing the historically ripe breakthrough on the other. V.I. Lenin observed that beginning a socialist revolution in West Europe would be more difficult than in Russia (vol 41, pp 47-48). This assessment remains pertinent today also. V.P. Iyerusalimskiy's book "The FRG Working Class: Mentality, Consciousness, Acumen" (Moscow, "Mysl", 1986, 284pp) is devoted to study of the class consciousness and social mentality of one of the biggest national detachments of the proletariat.

As the monograph observes, the FRG's specific position at the "intersection" of the two world systems has largely determined the strategic and tactical policy of finance capital in the socio-class sphere, choice of development path and attitude toward the worker and democratic movement. The relatively prolonged postwar period of stable economic conditions, practically full employment and the pronounced growth of profits has been distinguished by a rise in the working people's real income. Forced to maintain a stable "social climate," the West German bourgeoisie has made a number of concessions. Thus between 1955 and 1965 the real wages of wage workers increased on an annual average of 5.1 percent, between 1966 and 1970, of 4.8 percent. The average income of workers and employees in the 1950's-1960's grew 313 percent. Examining the factors and conditions of the emergence in that period of a relatively stable social and ideological-political "consensus" accompanied by a decline in the level of social protest, the author emphasizes that a big contribution to the conversion of the ideology of the "economic miracle" into the foundation of the country's entire political and spiritual life was made by rightwing social democracy.

At the scholar's center of attention are the key elements of the political self-awareness of the working class, specifically, the perception of fundamental social antagonism, attitude toward the system and the state and the system of bourgeois democracy, ideas concerning the paths of society's development and so forth.

On the basis of an analysis of a wealth of sociological material the book reveals the essence and structure of the mass stereotypes of "social partnership," ways to overcome them and changes in the system of requirements. A significant place is assigned problems connected with the German Communist Party's struggle for the development of the class consciousness of the working people and an expansion and strengthening of influence in the masses.

COPYRIGHT: Izdatelstvo TsK KPSS "Pravda". "Mirovaya ekonomika i mezhdunarodnyye otnosheniya", 1987.

8850

Book on S&T Revolution Under Capitalism

18160003l Moscow MIROVAYA EKONOMIKA I MEZHDUNARODNYYE OTNOSHENIYA in Russian No 11, Nov 87 (signed to press 14 Oct 87) p 143

[Text] Computerization and fundamentally new engineering solutions, considerable changes in the energy structure, the creation of information systems—these most important processes of the S&T revolution are today having an appreciable, growing impact not only on the productive forces but on world-economic relations also. The problems studied by the interesting work of Lithuanian scientists are recorded in its title: "The S&T Revolution and Contradictions of Capitalist Reproduction" (thematic digest edited by A.I. Burachas, Vilnius, Lithuanian SSR Academy of Sciences Economics Institute, 1987, 196pp).

As the book observes, the influence of the S&T revolution on the evolution of state-monopoly capitalism permeates all components of its characteristic system of production relations. There is an increase primarily in the concentration and centralization of capitalist ownership in the public sector and by supermonopolies and also their interweaving and interaction in various national economic complexes. Thus in the OECD countries the public sector now constitutes from one-half to one-sixth of industry. In the United States approximately one-fourth of GNP is redistributed via the federal budget. In France the public sector encompasses 23 percent of the economy, in Italy, 20 percent, Britain, 16 percent, the FRG, 14 percent, and in the Benelux countries, 10 percent.

The authors of the work study thoroughly and at the same time compactly and capaciously intensification of the main contradiction of capitalism connected with the consequences of cybernetization and the development of

automation science industry, trends and central problems in the reproduction of manpower, the essential changes in agrarian policy and the particular features of the interrelationship of cyclical and structural crises.

COPYRIGHT: Izdatelstvo TsK KPSS "Pravda". "Mirovaya ekonomika i mezhdunarodnyye otnosheniya", 1987.

8850

New Books

18160003m Moscow *MIROVAYA EKONOMIKA I MEZHDUNARODNYYE OTNOSHENIYA in Russian No 11, Nov 87 (signed to press 14 Oct 87) p 144*

[Text] Yu.M. Baturin, "Law and Policy in the Computer Orbit. Bourgeois Democracy and the 'Electronic Dictatorship'," Moscow, "Nauka", 1987, 111pp.

D. Bloch, P. Fitzgerald, "Secret Operations of British Intelligence: the Near and Middle East, Africa and Europe Since 1945," Moscow, Politizdat, 1987, 237pp.

V.A. Burenin, V.I. Potapov, "Organization of the Management of the USSR's Foreign Economic Relations," Moscow, "Mezhdunarodnyye otnosheniya", 1987, 97pp.

N.A. Vasetskiy, "October in the Struggle of Ideas," Moscow, "Sovetskaya Rossiya", 1987, 188pp.

S.M. Gasratyan, "Israel and South Africa: Goals and Forms of Cooperation," Moscow, "Nauka", 1987, 142pp.

S.Yu. Danilov, A.I. Cherkasov, "Twelve Canadian Personalities," Moscow, "Mysl", 1987, 303pp.

V.V. Zagladin, "The International Character of the Great October Socialist Revolution," Moscow, "Mezhdunarodnyye otnosheniya", 1987, 301pp.

M.P. Zagrebelnyy, "The Developing Countries: Time of Changes," Kiev, "Naukova Dumka", 1987, 103pp.

P.P. Zvidrinsh, M.A. Zvidrinya, "Population and Economy," Moscow, "Mysl", 1987, 128pp.

"When the Mirages Disappear. Zionism: Practice of a Shady Business," Moscow, "Moskovskiy Rabochiy", 1987, 254pp.

O.P. Latsis, "Economic Centralization and Centralism of Management: Problems of Interconnection," Moscow, "Nauka", 1987, 153pp.

S.M. Luchinova, "The Emergent Countries: Class Essence and Driving Forces of Revolutionary-Democratic Transformations," Moscow, Izdatelstvo MGU, 1987, 122pp.

A.V. Obolonskiy, "The Individual and State Administration," Moscow, "Nauka", 1987, 254pp.

"Real Socialism: Formation of a New Type of Civilization," Kiev, Politizdat Ukrainy, 1987, 238pp.

B.I. Sinetskiy, "Foreign Trade Transactions," Moscow, "Mezhdunarodnyye otnosheniya", 1987, 110pp.

"Soviet-American Relations in the Modern World" (exec. eds. G.A. Trofimenko, P.T. Podlesnyy), Moscow, "Nauka", 1987, 304pp.

A.M. Sovokin, "Proletarian Revolution, People's Revolution," Moscow, Politizdat, 1987, 318pp.

"USSR-Romania: Friendship and Cooperation" (exec. ed. A.G. Tsukanova), Moscow, "Mysl", 1987, 216pp.

"Countries of the World. Concise Political-Economic Reference," Moscow, Politizdat, 1987, 510pp.

P.A. Strassman, "Information in the Electronic Age. Control Problems" (translated from the English), Moscow, "Ekonomika", 1987, 239pp.

J.B. Tito, "Selected Articles and Speeches. May 1941-October 1979" (translated from the Serbo-Croat), Moscow, Politizdat, 1987, 647pp.

V.G. Trukhanovskiy, R.S. Shakirov, "The Decree on Peace: History and the Present Day," Moscow, "Mezhdunarodnyye otnosheniya", 1987, 205pp.

"Constituent Congress of the Workers Party of Ethiopia. Addis Ababa, 6-10 September 1984 (translated from the Amharic), Moscow, Politizdat, 1987, 256pp.

"What's What in World Politics. Reference Dictionary" (Editorial Board: Ye.M. Primakov, A.I. Vlasov et al), Moscow, "Progress", 1987, 480pp.

V.P. Shalashov, T.D. Masyukova, "Payment and Credit Relations in the USSR's Foreign Trade," Moscow, "Mezhdunarodnyye otnosheniya", 1987, 96pp.

"Economic Growth and the Rise in the People's Well-Being" (edited by Ye.G. Antosenkova), Moscow, "Ekonomika", 1987, 208pp.

"Yurmala Diary. Meeting of the Soviet and American Public 15-19 September 1986," Moscow, Izdatelstvo APN, 1987, 103pp.

COPYRIGHT: Izdatelstvo TsK KPSS "Pravda". "Mirovaya ekonomika i mezhdunarodnyye otnosheniya", 1987.

8850

Articles in MEMO Not Translated

18160003n Moscow *MIROVAYA EKONOMIKA I MEZHDUNARODNYYE OTNOSHENIYA* in Russian No 11, Nov 87 (signed to press 14 Oct 87)

[Text]The Great October and Human Rights (pp 37-47) (V. Chkhikvadze)

Interstate Cultural Cooperation—Content, Tasks, Prospects (pp 63-73) (I. Igorev)

Structure and Functioning of Present-Day Finance Capital (pp 74-81) (A. Anikin)

The World Economy—Integral, Intrinsically Contradictory Economic Organism (pp 91-101) (Yu. Shishkov)

Imperative of Interdependence (pp 102-108) (P. Khvoynik)

The 'Second Economy' of West European Capitalism (pp 123-125) (V. Kuznetsov)

Contradictions of Reaganomics (pp 126-131) (I. Faminskiy, A. Astapovich, Yu. Vasilchuk)

Urgency of a Turn Toward Disarmament (pp 136-138) (A. Kalyadin)

Ideological Support for Confrontation (pp 138-140) (Yu. Oleshchuk)

Books in Brief (pp 141-143)

The Soviet Union in the World Economy (1917-1987)

8850

Publication Data

18160003o Moscow *MIROVAYA EKONOMIKA I MEZHDUNARODNYYE OTNOSHENIYA* in Russian No 11, Nov 87 (signed to press 14 Oct 87)

[Text]English title: WORLD ECONOMY AND INTERNATIONAL RELATIONS

Russian title: *MIROVAYA EKONOMIKA I MEZHDUNARODNYYE OTNOSHENIYA*

Editor: Ya.S. Khavinson

Publishing house: Izdatelstvo TsK KPSS "Pravda"

Place of publication: Moscow

Date of publication: November 1987

Signed to press: 14 October 1987

Copies: 26,000

COPYRIGHT: Izdatelstvo TsK KPSS "Pravda". "Mirovaya ekonomika i mezhdunarodnyye otnosheniya", 1987.

8850

APN Review of MEMO No 11, 1987

18120023! Moscow APN *DAILY REVIEW* in English 10 Nov 87 pp 1-4

[Text] The journal published an article, "Confidence and Survival of Mankind", by V. Petrovsky. Comprehensive security will be possible if only all states trust one another to such an extent that they can settle all matters without recourse to force, disarm and coexist in a denuclearised, violence-free and, eventually, demilitarised world. This attaches a new dimension to confidence: we must pass from separate steps in this field to a comprehensive policy and strategy of confidence-building.

The advocates of nuclear weapons allege that nuclear arms make up for confidence, deterring world war by their deadly character. However, they refuse to see that every new round in the arms race and the danger of the arms race being transferred to space increasingly threaten mankind as suspicions and fear make for accidental, unsanctioned war. This is the law of the development of combat technology and the price mankind has to pay for its political awareness failing to keep pace with the progress of technology. Clutching to nuclear weapons shows that certain forces do not believe in the very possibility of international trust. Inversely, the striving to limit nuclear energy to peaceful pursuits confirms the conviction of the world community that such a trust is possible and its resolve to work for it.

The only way for mankind to advance is to free the world from nuclear threat and promote confidence-building, Petrovsky continues.

"CMEA countries: a Constructive Approach to Problems of World Economic Ties" is the topic of Yu. Shirayev's article.

The author points out that the working out of the package of measures to implement the new concept of the international socialist division of labour and qualitatively transform the CMEA's activity organically includes the search for the optimum ways of improving international economic ties on the whole, their invigoration, the use of new forms of cooperation with all partners who are ready to establish equitable and mutually beneficial contacts with the socialist countries.

The realistic and constructive policy of the CMEA countries in the international arena proceeds from the deep realization of the fact that despite the complexity, diversity and contradictoriness of the contemporary world, it is growing increasingly interdependent and integral. The socialist community, Yu. Shirayev notes,

is a component part of the world economy and it is interested in normalizing world economic ties, in restructuring them on a truly equal and democratic basis, in establishing cooperation meeting the real interests of the entire international community.

It is not simple to achieve these aims. The solution of this task depends not only on the CMEA countries' own efforts to eliminate deformations in the export structure, boost the competitiveness of output, and restructure the mechanism of managing external ties, but on overcoming numerous barriers to the normal exchange in the world economy.

In his article "Cultural Cooperation Between States: Essence, Tasks, Perspectives" A. Igorev writes that the peoples of the world have come up with many valuable forms of civilised cultural exchanges between nations. Should the world abide by these norms, this would pave the way to a fairer and more humane international order. The Soviet concept of cultural exchanges with foreign countries is inseparable from the fundamentals of a comprehensive international security system in the humanitarian field spelled out by the 27th Congress of the Soviet Communist Party. These include cooperation in the dissemination of the ideas of peace, disarmament and international security; greater flow of general unbiased information and broader contact between peoples for the purpose of learning about one another; promotion of understanding and harmony between nations; the stamping out of genocide, apartheid, the

fascist philosophy or any other racial, national or religious exclusiveness, as well as discrimination on this basis; a quest for new forms of cooperation in culture, arts and science.

As part of nations' foreign ties, cultural exchanges are becoming ever more important in the nuclear and space era. First of all, they are developing into a powerful factor uniting different countries divided by their social and economic systems, development levels, religions, national traditions, etc. In today's explosive situation, cultural exchanges are instrumental, as never before, in creating an atmosphere of mutual trust and understanding so vital to progress in disarmament and lessening the danger of a global holocaust.

A. Igorev writes that international cultural cooperation is a field opening up broad vistas for realisation of the policy of humanisation and democratisation of international relations. Cultural exchanges at this stage of history can well become a crucial lever to encourage the feeling of cultural community in people. Stronger cultural and spiritual ties between nations make the latter aware of the unity of civilisation and of mankind as a common entity of intelligent beings whose peaceful co-existence is not only an imperative moral norm of conduct but also the only reasonable way to self-preservation in a thermonuclear age.

The journal also carries the following articles: "In the Vanguard of History" about the world communist movement by I. Guryev; "Great October Socialist Revolution and Human Rights" by V. Chkhikvadze; "New thinking and Third World Studies" by R. Avakov, etc. 8850

END

8850